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1983 Montana Community Development Block Grant Program

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MONTANA

COMMUNITY DEVELOPMENT

BLOCK GRANT PROGRAM

DESCRIPTION

Montana Department of Commerce

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I. INTRODUCTION

A. Background

The Community Development Block Grant (CDBG) Program was established by the federal Housing and Community Development Act of 1974 and has been administered by the U.S. Department of Housing and Urban Development (HUD). The program is designed to help communities meet their greatest community development needs, with primary emphasis on assisting persons of low and moderate incomes. (See Appendix A for definition of "low to moderate income.")

The national CDBG Program is divided into two major categories:

1. "entitlement" communities, which are communities with 50,000 or larger populations. In Montana, only Billings and Great Falls are entitlement communities; they receive CDBG funds on a formula basis directly under HUD administration.

2. "non-entitlement" communities, are communities with populations under 50,000. The "non-entitlement" CDBG program was commonly referred to as the "Small Cities" Program and as been an important source of funding for Montana communities for dealing with a variety of community development problems. In the seven years that HUD administered the program, 46 Montana cities, towns and counties competed successfully for over $23 million in grants. The demand for these funds has far exceeded the available annual allocation for Montana. During recent years, only about one out of four applications has received funding.

   In recent years, the non-entitlement funding levels for Montana have been as follows:

Fiscal Year 1979	$3,622,000
Fiscal Year 1980	$5,756,000
Fiscal Year 1981	$5,595,000
Fiscal Year 1982	$6,109,000

   The Fiscal Year 1983 allocation is $6,327,000.

B. State Administration of the CDBG Program

In 1981, Congress amended the Housing and Community Development Act to make the non-entitlement portion of the Community Development Block Grant program available as an optional state-administered program with the state totally responsible for the program. Prior to this time the only state role had been the technical assistance provided to Montana communities in the preparation

of their grant applications and participation in HUD's evaluation and ranking of applications.

Comment received from the public at a series of twenty block grant briefings held in ten communities in September, 1981, was overwhelmingly supportive of state administration of the CDBG Program. The Montana League of Cities and Towns and the Montana Association of Counties also both endorsed state take-over of the program. As a result, Governor Ted Schwinden sought and received authorization from the November, 1981, special session of the Legislature to assume administration of the program beginning with the fiscal year 1982 funding cycle.

Within the statutory requirements set out by the federal Housing and Community Development Act and HUD regulations, the state has some flexibility to design its own procedures for program administration and to develop criteria for selection of grant recipients. The law requires that the state's program for allocating CDBG funds:

> ...give maximum feasible priority to activities which will benefit low and moderate income families or aid in the prevention or elimination of slums or blight; the use of funds may also include activities which are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs.

The state may use up to two percent of the State CDBG allocation for administration of of the program on the condition that it matches the federal funds with state funds for CDBG administration on a dollar for dollar basis.

C. Development of the Montana CDBG Program

In December, 1981, Gary Buchanan, Director of the Department of Commerce, appointed a task force to advise the Department in the development of Montana's CDBG Program. The individuals appointed represented a balance between community development professionals who had worked with the CDBG Program under HUD administration and other local officials who had not participated in the program previously. The members also reflected the range of Montana's community development issues and needs, from counties and small towns to large cities. The 1982 CDBG program reflected the recommendations of the task force for the objectives of the State's

program and the administrative framework to be used to allocate CDBG funds to Montana communities.

Following the ranking of the 1982 CDBG applications, Gary Buchanan appointed another committee of local officials to evaluate the performance of the State CDBG program and to recommend any necessary modifications prior to the 1983 grant competition. The committee included some members of the 1982 Task Force and other representatives of communities which had applied for grants in the Fiscal Year 1982 CDBG competition. The following program description reflects the efforts of that committee and the Department of Commerce to respond to the concerns or suggestions that local officials or staff have shared during the first year of State administration of the Community Development Block Grant Program.

II. PROGRAM DESCRIPTION

A. Program Goal, Objectives and General Policies

1. Goal

The goal of the Montana Community Development Block Grant Program is to develop viable communities by providing decent housing, healthful and safe living environments, and economic opportunities, principally for persons of low and moderate income.

2. Objectives

a. Program Design

(1) To the extent possible within the requirements of federal and state statutes and regulations, and where consistent with other state policies for housing and economic and community development, create CDBG application and administrative requirements which provide flexibility for communities to design projects which meet local community development needs.

(2) To provide fair and equitable program requirements that assure equal opportunity for CDBG assistance, regardless of project category or status of applicant.

(3) To encourage community development activities which are consistent with local planning efforts.

(4) To provide CDBG assistance to those communities whose projects most effectively address local needs and the purposes of the Montana CDBG program.

b. Coordination of Resources

(1) To encourage the commitment and coordinationof other available public or private resources for community development projects.

(2) To encourage coordination and cooperation between the Montana CDBG Program and other local, state and federal agencies for the purposes of joint funding, technical assistance, and project evaluation, management, and monitoring.

c. Technical Assistance

(1) To increase local capabilities for grant application and administration by providing technical assistance, particularly to local governments with limited financial or staff resources.

(2) To provide technical assistance to communities with limited resources to help assure a more equal competition among applicants for CDBG funds.

d. Housing and Community Revitalization

(1) To provide decent, safe, sanitary and energy efficient housing, especially for persons of low and moderate income, by improving the condition of existing housing stock.

(2) To eliminate blighting conditions by supporting community and neighborhood revitalization efforts.

e. Economic Development

To encourage viable economic development projects that expand local tax bases and provide long-term jobs with growth potential, principally for low and moderate income persons.

f. Public Facilities

To assist communities in providing appropriate, complete and long-term solutions to serious deficiencies in public facilities.

B. Eligible Activities

The eligible activities which may be assisted under Montana's CDBG Program are limited to those set out by Congress in Title I of the Housing and Community Development Act of 1974, as follows:

1. The acquisition of real property (including air rights, water rights, and other interests therein) which is:

a. blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth;

b. appropriate for rehabilitation or conservation activities;

c. appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development;

d. to be used for the provision of public works, facilities, and improvements eligible for assistance under this program; or

e. to be used for other public purposes.

2. The acquisition, construction, reconstruction, or installation (including design features and improvements with respect to such construction, reconstruction, or installation which promote energy efficiency) of public works, facilities and site or other improvements -- including:

a. neighborhood facilities;
b. centers for the handicapped;
c. senior centers;
d. historic properties;
e. utilities (including power generation and distribution facilities using renewable resource energy systems);
f. streets;
g. street lights;
h. water and sewer facilities;
i. foundations and platforms for air rights sites;
j. pedestrian malls and walkways;
k. parks, playgrounds, and recreation facilities (including parks, playgrounds and recreation facilities established as a result of reclamation and other construction activities carried out in connection with a river and land adjacent thereto where assistance under other federal laws or programs is determined to be unavailable;
l. flood and drainage facilities in cases where assistance for such facilities under other Federal laws or programs is determined to be unavailable;
m. parking facilities;
n. solid waste disposal facilities;
o. recycling or conversion facilities;
p. fire protection services and facilities which are located in or which serve a CDBG project area.

3. Code enforcement in deteriorated or deteriorating areas in which such enforcement, together with public improvements and services to be provided, may be expected to arrest the decline of the area.

4. Clearance, demolition, removal, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements (including interim assistance, financing public or private acquisition for rehabilitation, and rehabilitation of privately owned properties and including the renovation of closed school buildings).

5. Special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons.

6. Payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for the relocation of individuals and families displaced by activities under this program.

7. Disposition (through sale, lease, donation, or otherwise) of any real property acquired pursuant to this program or its retention for public purposes.

8. Provision of public services, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education,energy conservation, welfare or recreation needs, if such services have not been provided by the unit of general local government (through funds raised by such unit, or received by such unit from the state) during any part of the twelve-month period immediately preceding the date of application and which are to be used for such services, unless the Department of Commerce finds that the discontinuation of such services was the result of events not within the control of the unit of general purpose local government, except that not more than 10 percent of the amount of any assistance to a unit of general purpose local government under this program may be used for activities under this paragraph.

9. Payment of the non-federal share required in connection with a Federal grant-in-aid program undertaken as part of activities assisted under this program.

10. Payment of the cost of completing a project funded under Title I of the Housing Act of 1949.

11. Relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, when determined by the grantee to be appropriate.

12. Activities necessary:

    a. to develop a comprehensive community development plan, and

    b. to develop a policy-planning-management capacity so that the recipient of assistance under this program may more rationally and effectively:

        (1) determine its needs;

        (2) set long-term goals and short-term objectives;

        (3) devise programs and activities to meet these goals and objectives;

        (4) evaluate the progress of such programs in accomplishing these goals and objectives; and

        (5) carry out management, coordination, and monitoring of activities necessary for effective planning implementation.

13. Payment of reasonable administrative costs and carrying charges related to the planning and execution of community development and housing activities, including the provision of information and resources to residents of areas in which community development and housing activities are to be concentrated with respect to the planning and execution of such activities, and including the carrying out of activities as described in paragraph 12, above.

14. Activities which are carried out by public or private nonprofit entities, including:

    a. acquisition of real property;
    b. acquisition, construction, reconstruction, or installation of:

        (1) public facilities, site improvements, and utilities, and

(2) commercial or industrial building or structures and other commercial or industrial real property improvements; and

c. planning.

15. Grants to neighborhood-based nonprofit organizations, local development corporations, or entities organized under Section 301(d) of the Small Business Investment Act of 1958 to carry out a neighborhood revitalization or community economic development or energy conservation project in furtherance of the goal of Montana's CDBG Program.

16. Activities necessary to the development of a comprehensive community-wide energy use strategy, which may include items such as:

a. a description of energy use and projected demand by sector, by fuel type, and by geographic area;

b. an analysis of the options available to the community to conserve scarce fuels and encourage use of renewable energy resources;

c. an analysis of the manner in, and extent to, which the community's neighborhood revitalization, housing, and economic development strategies will support its energy conservation strategy;

d. an analysis of the manner in, and the extent to which energy conservation objectives will be integrated into local government operations, purchasing and service delivery, capital improvements budgeting, land use planning and zoning, and traffic control, parking, and public transportation functions;

e. a statement of the actions the community will take to foster energy conservation and the use of renewable energy resources in the private sector, including the enactment and enforcement of local codes and ordinances to encourage or mandate energy conservation or use of renewable energy resources, financial and other assistance to be provided (principally for the benefit of low-and moderate income persons) to make energy conserving improvements to residential structures, and any other proposed energy conservation activities;

f. appropriate provisions for energy emergencies;

g. identification of the local governmental unit responsible for administering the energy use strategy;

h. provision of a schedule for implementation of each element in the strategy; and

i. a projection of the savings in scarce fossil fuel consumption and the development and use of renewable energy resources that will result from implementation of the energy use strategy; and

17. Provision of assistance to private for-profit entities, when the assistance is necessary or appropriate to carry out an economic development project.

C. Determination of Eligibility

While HUD will generally defer to Montana's interpretation of the statutory language regarding eligible activities, the state is responsible for insuring that activities assisted with CDBG funds are consistent with congressional intent. Although HUD regulations for state administration of the CDBG program do not mandate adherence to existing HUD interpretive guidelines, the Department of Commerce will generally follow HUD's guidance where consistent with a literal interpretation of the statutory language, the goal and objectives of the State CDBG Program, and other state policies for community and economic development. Detailed guidelines for eligible activities under the Montana CDBG Program are contained in Appendix B.

Communities should be cautious in selecting activities for a CDBG application. The fact that an activity may be legally eligible under the federal statute does not insure that it will be appropriate or competitive under the guidelines and ranking system incorporated in the State CDBG Program. For example, local comprehensive or energy planning activities are eligible under the federal statute; however, the State CDBG requirements and ranking criteria do not make an application for that type of activity feasible. Local officials having any concern regarding the CDBG project they are considering should contact the Department of Commerce for guidance.

D. Eligible Applicants

Eligible applicants are limited to general purpose local governments: counties, incorporated cities and towns and consolidated city-county governments. Among municipalities, only Billings and Great Falls are ineligible to apply to the State CDBG Program, because they receive CDBG funds from a separate HUD allocation for communities with populations over 50,000. Montana's Indian tribes also receive CDBG funds from a separate HUD CDBG program and are not eligible to apply to the State program.

For projects proposed to resolve problems in unincorporated areas of a county, the county governing body is the eligible applicant. A county may apply for a project which will include activities within an incorporated city or town if the proposed activity will significantly benefit county residents located in the unincorporated area of the county, as well as those within the city or town, such as a fire protection facility which would be located in the county seat and serve all residents of the county.

For projects proposed to resolve problems in a city or town, the city or town governing body is the eligible applicant. A municipality may apply for a project which would include activities to be located outside city limits if the proposed activity will principally benefit residents of the city, such as a solid waste disposal site or water or sewage treatment facility.

Special purpose bodies such as local housing authorities, water or sewer districts, or local development corporations are not eligible to apply directly, although they may be involved in implementing and administering a program if an eligible applicant agrees to such an arrangement.

E. Types of Grants Available

Applicants may submit only one application for either a single purpose or comprehensive grant per fiscal year. The applicant must clearly indicate which type of grant it is choosing.

1. Single Purpose Grants

a. For a single purpose grant, a project must address a community development need in one of the following categories:

(1) Economic Development

(2) Housing

(3) Public Facilities

b. A project may consist of one or more activities designed to substantially resolve a specific community development need. The principal activity must represent at least 80 percent of the project funds requested; other proposed activities must clearly be related to and in support of the principal activity. For example, street improvements could be included in a housing rehabilitation project but must clearly be related to and supportive of the rehabilitation activity.

c. A county may apply for a single purpose grant for a project which would address the same community need in two or more separate unincorporated communities as long as the grant request is under the established ceiling. For example, a county can apply for a project which would provide water systems for two unincorporated communities or a project which would conduct housing rehabilitation activities in two or more unincorporated communities. If considering such a project, the applicant county would want to be sure that all involved communities have an equally high level of need and that the proposed response is equally appropriate for each of the communities. Including a less needy community could make the entire application less competitive .

d. The grant requested, either by itself or in combination with other previously identified funding sources, must be sufficient to complete the proposed activities within a reasonable period of time, normally a year to 18 months from the date a grant agreement is executed.

2. Comprehensive Grants

a. A comprehensive project must:

(1) address community development needs in at least two of the following categories:
(a) Economic Development;
(b) Housing;
(c) Public Facilities;

(2) Involve activities that bear a relationship to each other, (excluding administration, planning and management), and must in terms of support or necessity, be carried out in a coordinated manner;

(3) Address a substantial portion of the identified community development needs within a defined concentrated area or areas. The Department of Commerce may make an exception to the requirement for a defined concentrated project area if the applicant can demonstrate satisfactorily that the proposal is a reasonable means of addressing the identified needs;

(4) Clearly be shown to have resulted from an comprehensive assessment of community development needs; and

(5) Have a significant, measurable impact within a reasonable period of time.

b. A funding commitment of up to a maximum of three years may be requested. Once a community has been approved for a multi-year commitment, it will not be required to compete for funds for the subsequent years of the state's commitment to the project. Funds will be provided in subsequent years, subject to congressional appropriations, conditional upon the submittal of an acceptable work plan, and upon a determination by the Department of Commerce that the previous year's project performance was adequate. The performance determination will be made at the time the subsequent year's work program is submitted.

c. Congress mandated that states which assume administration of the CDBG program honor prior multi-year comprehensive commitments made by HUD. Two communities, Butte-Silver Bow and Polson, have prior commitments for Fiscal Year 1983 CDBG funds.

F. Distribution of Funds and Grant Ceilings

1. Fiscal Year 1982 Grant Awards

Forty-eight communities submitted applications for the $3,470,000 available under the 1982 State CDBG Program. The application types and total amounts were as follows:

Project Category	Number of Applications	Amount Requested
Economic Development	5	$ 1,418,771
Housing	7	2,800,000
Public Facilities	36	9,064,207
TOTAL	48	$13,282,978

The thirteen highest ranking applicants were tentatively awarded grants, as follows:

Applicant	Project Category	Grant Amount
Madison County	Public facilities	$ 81,073
Alberton	Housing	400,000
Judith Basin County	Public facilities	161,938
Sheridan County	Public facilities	190,020
Troy	Public facilities	400,000
Sweet Grass County	Economic development	334,071
Big Horn County	Public facilities	245,236
Moore	Public facilities	155,300
Winnett	Public facilities	359,270
Culbertson	Public facilities	400,000
Powell County	Public facilities	108,900
St. Ignatius	Housing	400,000
Roundup	Housing	400,000
	TOTAL	$3,635,808

The Fiscal Year 1982 CDBG state allocation was $3,470,000. The total amount of grants awarded as noted above is $3,635,808. The Department of Commerce will set aside $234,192 in funds from the FY 1983 allocation sufficient to allow full funding of the last selected project, Roundup.

If any of the tentative 1982 grantees is unable to fulfill the conditions required to secure a final commitment of funds, the tentative grant commitment will be withdrawn and made available for that project for which full funding was not available. In the event that sufficient excess funds above the last ranked grant request are available, they will be offered to the next highest ranking application from the 1982 CDBG competition which meets eligibility requirements.

2. Funds Available for the 1983 State CDBG Program

The amounts available for Montana's CDBG Program for federal fiscal year 1983 are approximately as follows:

	Fiscal Year 1983
Total Fiscal Year 1983 state allocation	$6,327,000
Less CDBG funds for state administration	122,180
Subtotal	6,204,820
Less prior commitments to multi-year comprehensive grants:	
Butte-Silver Bow	578,000
Polson	425,000
	1,003,000
Subtotal	5,201,820
Less tentative commitment to 1982 single-purpose grant for Roundup	234,192
Total available for distribution under 1983 State CDBG Program	$4,967,628

3. Distribution of Funds

Thirty-five percent of the CDBG funds available for grants to local governments for each fiscal year will be reserved for comprehensive grants. The balance of the funds will be utilized for single purpose grants.

Because the amount of CDBG funds committed by HUD to multi-year comprehensive grants for Fiscal Year 1982 exceeded 35 percent, only single purpose grant applications were accepted for the 1982 State CDBG Program.

The distribution of these funds may be subject to a shift up or down, of approximately 10 percent, at the discretion of the Director of Department of Commerce, under the following circumstances:

a. if the funds remaining in a category for comprehensive or single-purpose projects are insufficient to fund the next highest ranked project; or

b. where judgments on the overall quality of proposed projects and their consistency with the goal and objectives of the State CDBG Program would justify redistribution of funds.

If the Director of the Department determines that the final remaining balance of unallocated funds is either insufficient to achieve adequate impact for the next highest ranked project(s) or would result in unjustifiably high administrative costs relative to project impact, those unallocated funds will be carried over for distribution under the 1984 State CDBG Program.

4. Grant Ceilings

a. The total amount of CDBG funds requested by an applicant must not exceed the ceilings indicated as follows:

Type of Grant	Ceiling
Single Purpose	$400,000
Comprehensive	$500,000 per year for a maximum of three years

b. Amounts committed to multi-year comprehensive projects by HUD which are in excess of these grant ceilings will be honored by the State CDBG Program.

c. While grant ceilings establish the maximum amounts which may be requested, individual grants will be awarded only in amounts appropriate to the scope of the identified problem(s), the proposed project activities, and the administrative capacity and needs of the applicant.

d. There are no minimum amounts required for grant requests. A community considering a relatively small grant request should consider whether the proposed project would result in questionably high administrative costs relative to the actual project cost. In these circumstances, applicants are encouraged to contact the Department of Commerce to discuss their proposed project prior to submittal of the application.

III. GENERAL POLICIES AND THRESHHOLD REQUIREMENTS FOR ALL APPLICANTS

A. General Policies

1. Additional Funding Sources
   Applicants are encouraged to develop projects that will include participation of non-CDBG funding sources.

2. Energy Conservation
   Applicants are encouraged to incorporate measures within CDBG project activities that will promote cost-effective conservation of energy resources.

3. Environmental Impact
   All CDBG projects are subject to the National Environmental Policy Act and the Montana Environmental Policy Act. Both laws seek to avoid adverse impacts on the environment by mandating careful consideration of the potential impacts of any development assisted with federal funds or approved by a state agency. Applicants are encouraged to be sensitive to potential environmental impacts while their CDBG projects are first being considered and planned in order to avoid problems which could delay or even prevent a project from being implemented. Appendix C (Statement of Assurances) contains a listing of the major federal statutes and regulations which will apply to all CDBG projects. Applicants should carefully consider these to determine whether their proposed project may involve compliance with the laws or regulations cited. Local officials who have any concerns regarding the potential environmental impacts of their proposed CDBG project should contact the Department of Commerce for guidance.

4. Job Creation
   Applicants are encouraged to develop projects that will foster employment opportunities for low and moderate income persons.

B. Threshold Requirements for All CDBG Applicants

The failure to comply with any of the following general threshhold requirements will result in the disqualification of an application from the grant competition.

1. Majority of Benefit to Low and Moderate Income Persons

Each applicant must document that a majority of those persons who will directly benefit from the proposed CDBG project are of low or moderate income. For the purposes of Montana's CDBG Program, "low to moderate income" has been defined as a person or household whose total gross, unadjusted income, does not exceed 80% of the median income for all persons or households in that county.

The Computer Services Division of the Montana Department of Administration has calculated both the number and percentage of households below 80% of median county income for each county and municipality, based on the 1980 Census. (See Appendix D.) Applicants proposing jurisdiction-wide projects may use this data to document benefit to low and moderate income.

This data has also been calculated to the enumeration district level, the smallest census unit generally available, for all areas of the state and may be ordered from the Montana Department of Commerce. Maps identifying the enumeration districts within each county may be ordered from the Census and Economic Information Center, Montana Department of Administration, Room 108, Mitchell Building, Capitol Station, Helena, Montana, 59620, (telephone 449-2896). Microfiche copies of the county enumeration district maps are available free; paper copies of the maps may be purchased.

Applicants intending to conduct local surveys of household income should utilize the income levels established for their county according to the various household sizes contained in Appendix A. Applicants are encouraged to consult with the Department of Commerce regarding their survey methodology prior to conducting a local survey.

2. One Application Permitted

An applicant may submit only one application under the 1983 Montana CDBG Program.

3. Re-application

A current grantee, single purpose or comprehensive, is not eligible to reapply until at least 75 percent of its total grant amount (for the previous year's allocation, in the case of multi-year comprehensives) has been drawn from the applicant's CDBG letter of credit account or until all project activities have been completed. Any reapplying current grantee with an uncompleted project must provide a schedule for completing the existing project.

This requirement may be waived only in the event that an applicant can document the existence of unusual, extenuating circumstances. Requests for waivers of this requirement must be submitted to the Department of Commerce, in writing, not less than thirty days prior to the date CDBG applications are due.

4. Capacity

To be awarded a grant under the CDBG Program, an applicant must have the capacity to undertake and satisfactorily complete the project they are proposing. The following factors will be considered in assessing an applicant's capacity:

a. Based upon evidence in the application and unless generally available information raises a question concerning an applicant's capacity, an applicant is assumed to have the capacity to undertake their proposed programs. If any question arises during the evaluation of the application, the Department of Commerce may request additional information.

b. If an applicant does not feel that it has the capacity to manage a CDBG grant, it may arrange for grant administration by another local government through interlocal agreement or by contracting for administrative services. Local officials having any concern regarding the responsibilities involved in administering a grant or the local government's capability to administer the type of project under consideration should contact the Department of Commerce for guidance.

c. An applicant that has previously received a Community Development Block Grant must have performed adequately. In assessing performance, the Department will consider whether the grant funds were expended in a timely and effective manner for the purposes originally proposed and whether the program was administered in conformance with all applicable laws, regulations and guidelines. Performance judgments will be made on a case-by-case basis.

5. Project Feasibility

In the event that the Department's review of a proposed CDBG project determines that it is clearly administratively, financially or technically infeasible, it will be disqualified.

6. Citizen Participation

Each applicant must provide citizens with adequate opportunities for meaningful involvement in the development of the application. At a minimum, the applicant must hold two public hearings, one before preparing the application and one prior to submission. The hearings should be scheduled at times and locations which will encourage broad public participation. The hearings should be held so as to obtain the views and proposals of citizens, especially low and moderate income persons and residents of blighted areas, regarding local community development needs and priorities for economic development, housing and public facilities. The applicant should furnish citizens general information regarding the State Community Development Block Grant Program, such as the program's goal and objectives and the variety of activities eligible for funding. A record of the hearings must be prepared and submitted with the application for CDBG funds, along with copies of the public notices for the hearings. A verbatim record is not necessary; the names of persons who attended and a summary of their comments is sufficient.

7. Community Development Needs Assessment

Each applicant must prepare an assessment of its overall community development needs for economic development, housing and public facilities and establish priorities for responding to them.

A summary of the needs assessment must be submitted as a part of the application. The summary should include a description of the process used to identify the needs and establish priorities, including efforts to encourage meaningful citizen participation. The summary must also include a discussion of any alternate projects considered for CDBG funding and the rationale for selecting the proposed project. The project proposed in the community's CDBG application does not have to be the highest priority community need. There are a number of reasons, including the availability of other, more appropriate local, state or federal resources, which would justify submitting a CDBG application for other than the top-ranked community need.

8. Grant Justification

Each applicant must demonstrate that the proposed activities offer a solution to an identified community development need which could not be accomplished by the applicant without CDBG assistance. The applicant must substantiate that other federal, state or local resources are not available to meet the identified need.

9. Budget

Each applicant must provide a detailed budget sufficient to assure project completion and a justification for the specific proposed CDBG project activities and related administrative costs, including a breakdown of total project costs which identifies sources and amounts of all non-CDBG funds to be used.

In no case may the administrative budget for the grant exceed 18 percent of the total grant requested. The administrative budget covers the costs of implementing a local project, including costs involved in preparing the required environmental review; planning and design fees; the cost of the local program audit; and other contractual costs for professional services that may be associated with administration of the program. Under no circumstances are costs incurred prior to award of the grant (such as application preparation fees, costs associated with conducting a local survey,and preliminary engineering studies) eligible for reimbursement in the event of a grant award.

10. Project Income

If project income will be generated (through loan repayments, for example), applicants must include a plan with a description of the financial mechanism for using and administering project income for further eligible activities during future years. HUD regulations limit the expenditure of project income to only those activities eligible under the federal Housing and Community Development Act of 1974. In the event that a community is a recipient of CDBG funds at a later date, HUD regulations require that project income from an earlier CDBG be expended on CDBG activities before the community can request funds from its current grant. Communities planning to utilize project income for future eligible activities must be prepared to maintain the following records:

(a) sources of project income;
(b) dates and amounts of project income deposits;
(c) interest earned;
(d) dates and amounts of all disbursements of project income; and
(e) the activities funded with project income.

11. Timely Project Start-up

Within six months of the date of the announcement of the tentative grant award by the Montana Department of Commerce, each applicant selected for CDBG funding must fulfill all applicable state and federal requirements, execute a grant agreement, establish a letter of credit, and establish an acceptable structure and schedule for local CDBG management and project implementation. In the event that these conditions have not been met, the tentative award may be canceled at the discretion of the Department of Commerce, and the funds re-allocated according to the State CDBG Program project ranking and grant award procedures. In no event may project start-up be later than nine months of the date of the announcement.

12. Commitment of Non-CDBG Resources

Grantees which will require private, or local, state or federal public resources, in addition to CDBG funds, to implement a proposed CDBG project must have completed within six months of the date of the announcement of the tentative grant award by the Department of Commerce all necessary arrangements to assure that those resources are available for commitment to the project. In the event that the Department is not assured that the other resources will be fully available for commitment to and participation in the project in order to guarantee timely project completion, the tentative award may be withdrawn at the Department's discretion and the funds re-allocated according to the State CDBG Program project ranking and grant award procedures. The Department encourages applicants to secure firm commitments from all non-CDBG funding sources prior to submission of their CDBG application.

13. Legal Authority

Each applicant must submit with its application a citation and summary of its legal authority under Montana law to conduct the activity or activities proposed in their application for CDBG funds.

14. Assurances

Applicants must provide assurances that they will comply with the federal and state statutory and regulatory requirements set out in Appendix C in implementing their proposed CDBG projects, if selected for funding. Applicants should carefully consider the potential impact of these requirements when preparing their CDBG proposal. Local officials that have any questions or concerns regarding the applicability of these requirements should contact the Department of Commerce for guidance.

15. Acceptance of CDBG Program Requirements and Procedures

Each applicant must certify that it accepts the terms, conditions, selection criteria, and procedures established by this Program Description and that it waives any right it may have to challenge the legitimacy and propriety of these terms, conditions, criteria, and procedures in the event that its application is not selected for CDBG funding.

16. Documentation

Each applicant should identify the source of supporting data for any claims made in the application. If local research was conducted to support the application such as a survey of housing conditions or income levels, the survey method must be summarized and a copy of the survey form with a composite description of all responses submitted with the application. All original documentation must be retained by the applicant and made available for review in the event that the application is tentatively selected for funding. The lack of adequate documentation to substantiate information contained in the application will be considered sufficient grounds to re-rank an application and if justified, to withdraw a tentative grant award.

17. Maps

Each applicant must submit a map which illustrates the applicant's political jurisdiction and the proposed project area. The map or maps must also identify the location of all proposed activities, showing the boundaries of areas in which activities would be concentrated and, where appropriate, the service area of any proposed activity. Maps may also be used to depict other types of information appropriate to the application, such as areas of substandard housing or concentrations of low and moderate income persons.

Maps should have a census tract or enumeration district base; however, the information does not have to be described according to the census tract or enumeration district boundaries. They should be clearly legible, and should be of the same scale and cover the same areas. Applicants may submit supplementary maps of a different scale where this will increase clarity. More than one type of information may be combined on one map if the information is clearly legible when combined. The maps must be reproducible by photocopying; therefore, color designations should not be used.

IV. THRESHOLD REQUIREMENTS AND RANKING CRITERIA FOR PROJECT CATEGORIES

The activities proposed for a single-purpose CDBG project must be submitted under one of the three project categories: economic development, housing, or public facilities. A comprehensive CDBG project must involve at least two of the three categories. The following sections set out the special threshold requirements and ranking criteria applicable for each type of grant application and project category.

A. Single-Purpose Applications

Single-purpose grant applications compete against other single-purpose applications. The applications are ranked according to the criteria established for their appropriate project category.

Single-purpose applications can receive a maximum of 800 points. All applicants will be ranked according to four common, general measures:

- need;
- appropriateness;
- impact; and
- benefit to low and moderate income.

Under the ranking system for single purpose projects, each of the three project categories has its own subsystem which is used to rank projects applying under that category. Rankings will be determined using information submitted by the applicant. This information must be specific to the defined geographic area of the proposal.

The Department of Commerce CDBG Ranking Committee will assess the degree to which a proposed project responds to each of the four criteria in its category by rating it outstanding, above average, average, or below average.

Points will be assigned for the ratings at the values given within the subsystem descriptions. The lack of a response to any criterion will result in zero points.

1. Economic Development

a. Special Threshold Requirements

(1) Economic Development Plan
The applicant must submit a short (5 page maximum) description of its plan for encouraging local economic development. The description should include, at a minimum, a discussion of the following elements:

(a) Need
What are the community's underlying economic problems?

(b) Goals
What is the community attempting to accomplish through its overall economic development program (not just that activity for which CDBG funding is sought)?

(c) Resources
What public and private resources, both financial and technical, does the community have available to it to help carry out its economic development program?

(d) Strategy
What strategy is the community using to pursue its economic development goals?

(e) Results
What actions has the community already undertaken to implement its economic development plan? What sources of funding were used? What were the results?

Note: It is not necessary that an applicant follow the above format in describing its plan for encouraging local economic development. The description may combine or reorder the description of these elements, as long as all are addressed.

The following are some possible topics the applicant may wish to consider in preparing a response to each of the required plan elements. The examples given for each of the elements are merely suggestive of possible responses and should not be considered to be an exhaustive listing of desirable plan elements.

Need factors might include recent major industry shutdowns or extended layoffs, substantial increases in population without a corresponding increase in job opportunities, substantial population decreases due to lack of available or appropriate job opportunities, a lack of industrial diversification, the existence of large numbers of workers in the area with obsolete skills or skills for which there is no current demand, or other problems unique to the applicant's community.

Goals might include trying to preserve existing businesses or industries, attempting to encourage community growth, attempting to foster industrial diversification, revitalizing the central business district, or creating complementary industries which would provide jobs in the off-season for workers now only seasonally employed.

Resources may be of a wide variety. For example, does the community have a local development corporation or similar body? Has any agency or organization assigned staff member(s) to work on economic development activities for a major portion of their time? Has the financial community demonstrated its willingness to participate in development activites? Is there an adequate available labor force to meet the demands of new or expanding businesses and industries? Does the community have some unique development advantages, e.g.,

location, transportation facilities, industrial park or other plant sites, available raw materials, abundant power supplies, employee training capabilities, a locally-administered revolving loan fund to assist growing businesses or industries, technical assistance programs to help business persons deal with marketing, management, or financial planning problems.

Strategy might include a description of the specific activities that have been identified as components of the community's strategy for encouraging local economic development. For example, which has been assigned first, second, and third priority? How much will each cost? What funding sources have been identified for each? What can or will the local government do to support those activities?

Results might include a discussion of actions the community has taken to encourage development? For example has it offered property tax reductions to new or expanding industries? Has it passed the allowable one-mill levy for economic development, formed a local development corporation, or prepared industrial or tourism promotion brochures or films? What results have been achieved? How many new jobs have been created or existing jobs retained? How many new firms have begun operations in the community? How many existing firms have undertaken expansion activities?

(2) Benefit to Low and Moderate Income Persons

In order to be eligible for CDBG assistance, a majority of the jobs to be created or retained by an economic development project must be initially available for low and moderate income persons or be made available to low and moderate income persons through special training planned as part of the project.

(3) Hiring and Training Plan
Applicants must establish procedures to ensure preferential recruitment, hiring, and training of local workers, particularly those of low and moderate income. In the event of grant award, the applicant's commitment to the hiring plan will be considered binding and will be incorporated in the grant agreement between the local governing body and the Department of Commerce.

(4) Local Development Corporations (LDC's)
CDBG funds cannot be used for organizational start-up costs for an LDC.

(5) Pirating of Business
Proposals that would encourage the relocation of a business from one community to another, intrastate or interstate, will be disqualified.

(6) Private Sector Commitments
Applicants must provide evidence of firm commitments of resources from the private sector. Such commitments should be binding, contingent only upon receipt of CDBG funds.

Economic development projects must match non-administrative CDBG funds with new private investment in the proposed project at a minimum ratio of one to one. Investments made or costs incurred prior to grant application are not eligible for use as matching funds.

(7) Public Sector Commitments
If public sector resources are to be involved in the proposed economic development project,applicants must demonstrate evidence of firm commitment of public funds and/or other resources. Such commitments should be binding, contingent only upon receipt of CDBG funds to the project. Evidence must include resolutions or ordinances passed by the local governing body and other appropriate local groups.

(8) Use of CDBG Funds for Economic Development Loans
Any loan made by a local governing body with CDBG funds as a part of an approved CDBG economic development project must be

adequately secured. Subordinated loans may be made when justifiable and appropriate.

(9) Viability of Assisted Enterprises
Any economic enterprise to be assisted with CDBG funds must document that without participation of CDBG funds the proposed activity would not be feasible and that after receipt of CDBG assistance the enterprise will be viable and self-sustaining. All applicants proposing an economic development activity shall submit the following for any enterprise to be assisted with CDBG funds:

(a) a business plan which should consist of a brief (one or two page) description of the history of the firm, background, and experience of the principals, organizational structure, a description of its major products or services, market area and market share, goals, and planned expansions or changes in operations. The plan should also describe the impact the CDBG project, if funded, would have on the firm's activities;

(b) a one year operating plan forecast (profit and loss projection) on a quarterlly basis. Applicants may use U.S. Small Business Administration (SBA) form 1099;

(c) a monthly cash flow analysis, using SBA form 1100; and

(d) for any existing business, the two most recent year-end financial statements, including an income statement and balance sheet.

b. Ranking Criteria

(1) NEED - 200 points
In analyzing an applicant's need for a project, the department will use statistical information (gathered by the Montana Department of Labor and Industry and the U.S. Bureau of the Census) which is uniformly available for all 56 counties.

Since similar data is not accumulated at the municipal level, cities and towns will be scored with the figures for the county in which they are located.

The five factors which will be considered are:

(a) average number of unemployed persons in the county during the last calendar year;
(b) percent of unemployment (average) in the county during the last calendar year;
(c) long-term unemployment (measured by average unemployment rates in the county for the last five calendar years);
(d) percent of change in per capita income in the county relative to the average change statewide for the last five calendar years; and
(e) percent change in county employment levels in the past five calendar years.

The data has been calculated by the Department of Commerce and each applicant assigned a quartile score as follows:

1st Quartile	GREATEST ECONOMIC NEED	200 points
2nd Quartile	ABOVE AVERAGE	150 points
3rd Quartile	AVERAGE	100 points
4th Quartile	BELOW AVERAGE	50 points

Quartile scores for all of Montana's counties are contained in Appendix E.

The Department will consider assigning a different quartile score only in exceptional cases, where an applicant can conclusively demonstrate that the five factors used to measure economic need are not reflective of local economic conditions and this situation is substantiated by the Montana Department of Labor and Industry. A request for consideration of local economic data must be submitted with the CDBG application.

(2) APPROPRIATENESS - 200 points
Two major factors will be weighted in this ranking category:

** the soundness of the applicant's community economic development plan and the related project for which CDBG funding is sought; and
** the strength of the applicant's plan for insuring that local residents, particularly those of low and moderate income, will be hired to fill the maximum feasible number of jobs created or retained as a result of CDBG-funded activities.

Since each application will be a unique response to particular community-specific needs, there can be no "right" or "wrong" activities or solutions. The ranking of "Appropriateness" (and, later, of "Impact") will necessarily be in part subjective, with the Department taking into account not only how well each applicant addresses the problems it has defined, but also how its problems and responses compare with those of other applicants. Responses may vary considerably depending upon the size and location of the community and the type of project proposed. The Ranking Committee will group responses according to quartiles. The number of applicants assigned the same score may exceed 25% if the Ranking Committee determines that more than one-fourth of the applications are of equal quality or if the committee determines that no application merits one of the four scores.

These two factors will be ranked as follows:

(a) Plan and Program - 140 points

Factors which would most likely contribute to the achievement of an "outstanding" score might include:

i. the applicant has developed a complete, well reasoned, appropriate, and achievable plan for dealing with its total economic development needs, taking into consideration all available public and private resources and local capacity;

ii. the local governing body has officially adopted the economic development plan as a matter of public policy;

iii. the proposed program for which CDBG funding is sought is an integral part of that plan. (It need not be the first priority item identified in the overall plan if other, more appropriate, resources are available and already being used to meet higher priority items.);

iv. the community has made substantial local efforts to deal with its economic development problems;

v. the proposed CDBG project is realistic and workable, and the job savings or creation expected to result from its implementation will occur within a reasonable time following the date of grant award;

vi. if income is to be generated by CDBG-funded activities, a plan has been developed for the use of that money and a mechanism has been established for its administration. (If a revolving loan fund is to be established with program income, procedures must be outlined covering local application processing, approval, negotiation, pricing, packaging, servicing, etc.); and

vii. there has been active citizen participation in the development of the economic development plan and in the selection of the CDBG project.

Applications will receive scores, depending upon their quality, as follows:

1st quartile	OUTSTANDING	- 140 points
2nd quartile	ABOVE AVERAGE	- 105 points
3rd quartile	AVERAGE	- 70 points
4th quartile	BELOW AVERAGE	- 35 points

(b) Hiring and Training Plan - 60 points
Since a primary goal of CDBG-funded economic development grants is to increase job opportunities for local residents, particularly persons of low and moderate income, it is essential that applicants take positive actions to bring about that result. Each applicant must include in its application an employment and training plan to be used in filling

jobs created or saved as a result of CDBG activities. Assistance in the development of such a plan can be obtained from the Job Service, trade associations, labor organizations, the National Alliance of Business, and similar groups.

Factors which would most likely contribute to the achievement of an "outstanding" score (60 points) might include:

1. the applicant's employment and training plan provides clear, complete procedures for outreach, recruitment, screening, selection, training, and placement of workers which will insure maximum access of local residents, particularly persons of low and moderate income, to jobs created or saved by the project;
ii. attention has been given to necessary supportive services for trainees needing them;
iii. a complete training curriculum has been developed and all training resources identified;
iv. responsibility has been assigned for all phases of the program and all necessary personnel and funding commitments have been received, contingent only upon receipt of CDBG funds; and
v. a written agreement to follow the plan has been obtained from each firm expected to benefit directly from the program.

Applications will be ranked as follows:

1st Quartile	OUTSTANDING	- 60 points
2nd Quartile	ABOVE AVERAGE	- 45 points
3rd Quartile	AVERAGE	- 30 points
4th Quartile	BELOW AVERAGE	- 15 points

(3) IMPACT --200 points
In weighing the anticipated impact of the applicant's proposed CDBG grant activities on the community's identified problems, four factors will be considered:

** financial leverage obtained;
** CDBG dollar cost per job created or retained;
** types of jobs created; and
** overall economic impact of the program.

These factors will be evaluated as follows:

(a) Leverage

In preparing its proposed program budget, the applicant is required to identify all sources of funds to be used and the amounts to be contributed by each. To be eligible for consideration, an applicant must provide at least one private, non-CDBG dollar for each dollar of CDBG funds requested (a 1:1 ratio). The non-CDBG funds may come from a variety of private sources, such as new investment by a firm to be assisted, bank loans, or local development corporation loans or debentures.

Applicants will be ranked against each other. If, for instance, Community A has the highest leverage ratio ($6 of non-CDBG funds for each $1 of CDBG funds, a 6:1 ratio) and Community B has a 3:1 leverage, Community A would receive a 100% score and Community B would receive 50% (3/6ths of 100%).

All other applicants would be similarly scored against Community A.

(b) CDBG Dollars Per Job

The applicant is required to specify the number of permanent, full time or full-time equivalent jobs to be created or retained as a result of the requested CDBG program. (Two half-time jobs would equal one full-time equivalent job.)

In determining an applicant's score in this category, the total CDBG funds to be used (exclusive of administrative funds) will be divided by the total number of full time jobs expected to result. For instance, if Community A proposed to create 40 jobs at $10,000 per job while Community B would

create 32 jobs at $12,500 per job, then Community A would score 100% and Community B would score 80% ($10,000 divided by $12,500). All other applicants would be similarly scored against the higher scorer, Community A.

(Note: In evaluating an applicant's job creation projections, the Department of Commerce will consider the historical relationships of sales, space, and machines to jobs and the projections of new sales, space, and machines to jobs. It will also look at typical ratios for the industry of which the firm to be assisted is a part. Applicants should be prepared to justify job creation claims which substantially exceed industry norms.)

(c) Type of Jobs

Although all new or retained jobs provide some measure of economic benefit to the community, full time, skilled or semi-skilled positions are more desirable for most workers than part-time jobs or those requiring unskilled labor. One objective of CDBG economic development activities is to foster the creation or saving of permanent, full-time employment with growth potential for persons of low and moderate income, which offers those workers an opportunity for advancement in a firm or industry.

Applicants are required to indicate the percentage of jobs to be created or retained which are full-time or part-time, skilled, semi-skilled, or unskilled. Those factors will be weighed by the Department, and the highest scoring applicant assigned a 100% rating. All other applicants will be rated accordingly.

(d) Overall Economic Impact

The applicant must discuss both the direct and indirect effects the CDBG program is expected to have on the community's economy. Some of the factors which will be considered in evaluating impact are:

i. the size of the additional payroll expected to be generated for the jobs created or retained by the program;

ii. the total number of jobs to be created or retained;

iii. whether the firm to be assisted is a primary industry (producing goods or services mainly to be sold outside the area or state, thereby importing dollars into the community and state); and

iv. whether local property tax revenues will be significantly increased as a result of the proposed business start-up, expansion, retention, etc.

The applicant demonstrating the greatest positive impact will be scored 100%. All other applicants will be ranked correspondingly.

When applications have been scored in all four categories (leverage, dollars per job, types of jobs, and overall economic impact), those scores will be totaled, with the maximum possible score for an applicant being 400%. "Impact" points will then be assigned:

1st Quartile	OUTSTANDING	-200 points
2nd Quartile	ABOVE AVERAGE	-150 points
3rd Quartile	AVERAGE	-100 points
4th Quartile	BELOW AVERAGE	- 50 points

(4) BENEFIT TO LOW AND MODERATE INCOME PERSONS - 200 points

This ranking criterion assesses the extent to which persons of low and moderate income will benefit from the expenditure of CDBG grant funds.

To determine this score, the number of jobs to be created or retained and made available to low and moderate income persons will be divided by the total number of jobs to be created or retained as a result of the CDBG program. The highest score will receive the maximum point score -- 200 points -- and all other applicants will be scored accordingly.

Example: Suppose there are three applicants. Community A proposes to create 40 jobs, of which 32 (80%) will be for persons of low and moderate income. Community B will create 50 jobs, of which 45 (90%) will go to low and moderate income persons; and Community C will create 35 jobs, of which 22 (62.86%) will be for low and moderate income persons. Their scores would be:

Community B: (highest % benefit, 90%)
= 200 points

Community A: (80% divided by 90%) X 200
= 177.8 points

Community C: (62.86% divided by 90%) X 200
= 139.7 points

Remember: To be eligible for consideration a program must demonstrate at least a majority of benefit factor for low and moderate income.

2. Housing

a. Special Threshold Requirements

(1) Housing Plan

The applicant must submit a short (5 page maximum) description of its plan for addressing local housing needs. The description should include, at a minimum, discussion of the following elements:

(a) Needs

Needs should be classified and described by tenure (owner or renter) and household type (elderly and handicapped, small families and non-elderly persons, and large families (those with six or more children.)

The description should include a discussion of the condition of the existing housing in the community, including the number of standard and substandard units, with particular emphasis on the housing conditions for low and moderate income households. The number of substandard units suitable for rehabilitation should be identified separately from those not suitable for rehabilitation. Estimates should be made of vacancy rates for non-seasonal available units in standard condition. If the plan includes community-wide map(s) showing housing conditions, a copy should be attached.

(b) Goals

What is the community attempting to accomplish through its total housing effort (not just that activity for which CDBG funding is sought)?

(c) Resources

What public and private resources, both financial and technical, does the community have available to it to help carry out the housing plan?

(d) Strategy

What strategy is the community using to pursue its housing goals?

(e) Results

Any quantifiable results from past housing efforts should be identified. For example, how many new units have been constructed, existing units rehabilitated, or units not suitable for rehabilitation demolished?

Note: It is not necessary that the applicant follow the above format in describing its plan for responding to local housing needs. The description may combine or reorder the description of these elements, as long as all are addressed.

The following are some possible topics the applicant may wish to consider in preparing responses to the required plan elements. The examples given for each of the elements are merely suggestive of possible responses and should not be considered to be an exhaustive listing of desirable plan elements.

Needs (See above.)

Goals might include trying to conserve and/or upgrade existing housing stock, encouraging rehabilitation of historic structures, providing additional rental housing, encouraging the development of new housing, providing more adequate housing for particular groups with special needs (the elderly, the handicapped, female heads of households), or attempting to provide housing choice for persons of low and moderate income outside areas of low income or minority concentration.

Resources may be of a wide variety, for example, does the community have a local housing authority or similar body? Has any agency or organization assigned staff member (s) to work on housing activities for a major portion of their time? Has the financial community demonstrated its willingness to participate in housing development activities? Are home weatherization services available through a human resource development council or low interest loans from the power company? Are energy audits available through local utilities?

Strategy might include a description of the strategy the community is using to pursue its housing goals, for example, what specific activities have been identified as components of that strategy? Which has been assigned first priority? second? third? How much will each cost? What funding sources have been identified for each? Have any funding commitments been received? What will the local government do to support these activities?

Results might include a discussion of the projects the community has already undertaken to meet local housing needs, the sources of funding that were used (HUD,FmHA, private, etc.), and other actions the community has taken to encourage improvement of housing conditions (more stringent code enforcement, neighborhood weatherization programs, provision of land for new housing development, extension of utilities to areas previously lacking them, etc.).

(2) Code and Standards Enforcement

Applicants proposing housing rehabilitation activities must submit a description of their plan to ensure enforcement of applicable federal and state housing rehabilitation and building standards for the housing units to be rehabilitated with CDBG funds.

"Rehabilitation" shall include using CDBG funds to make repairs to substandard residential structures to make them meet or exceed requirements contained in current editions of the following:

--HUD Section 8 Housing Standards;
--HUD Cost-Effective Energy Conservation Standards (CEECUS);
--National Electrical Code, as amended;
--Uniform Plumbing Code, as amended;
--Uniform Mechanical Code;
--Uniform Building Code (where rehabilitation involves structures with five or more units, or any commercial buildings); and
--any locally adopted codes.

Permits must be obtained from the Building Codes Division of the Montana Department of Administration, for all electrical and/or plumbing work undertaken with CDBG funds unless the grantee has been certified by Division to enforce the codes cited above. In such cases, permits will be obtained locally. Grantees will be responsible for assuring that such work is inspected by proper authorities. Options to provide code inspection may include interlocal agreements with governments with existing building departments, arrangements with the Building Codes Division of the Montana Department of Administration, or by contracting with qualified, private sector persons.

All electrical and/or plumbing work not done by the owner of the structure must be done only by electricians and/or plumbers liscensed by the State of Montana. A current listing of liscensed individuals is available from the Professional and Occupational Liscensing Division of the Montana Department of Commerce.

(3) Targeting of Housing Projects

In choosing the population to be served by its CDBG project the applicant may select either a target area (the applicant's entire jurisdiction or a geographic portion of the community with a substantial number of substandard housing units) or a target group (such as all units occupied by families whose incomes are less than 60% of the median income for all families in the county. The "area" designation should probably be used by all municipalities and many counties, but rural counties with no large concentrations of substandard housing may find the "group" option advantageous.

(4) Definition of "Substandard" Housing

The State CDBG Program will utilize the definition of "substandard buildings" contained in the latest authorized edition of the Uniform Housing Code published by the International Conference of Building Officials. The Department of Commerce has prepared a housing condition survey which is consistent with the code definition. Applicants planning to conduct a local survey should use the Department's form or its equivalent. To ensure the

acceptability of local housing data gathered for CDBG application purposes, the applicant must obtain prior approval from the Department if an alternative form will be used.

b. Ranking Criteria

(1) NEED - 200 points
Two need factors will be scored:

(a) Percentage of Substandard Units - 100 points

The number of occupied, substandard housing units in the target area or group, expressed as a percent of total occupied housing units in the area or group:

$$\frac{\text{Substandard Units}}{\text{Total Units}} = _____\%$$

(b) Total Number of Substandard Units - 100 points

The total number of occupied, substandard housing units in the target area or group will be ranked under this criterion will be done in two steps:

The highest ranking applicantion in each category will score 100 percent. All other applications will be ranked against that score. If, for instance, Community X is the highest ranking applicant in the first category , with 95% occupied, substandard housing units, it would receive 100 points. Community Z, with an 85% substandard rate would receive 89.47 points - (85% divided by 95%) X 100.

After all applications are rated, in both categories, their scores will be added. The cumulative scores are used to obtain the final ranking:

1st Quartile	OUTSTANDING -	200 points
2nd Quartile	ABOVE AVERAGE -	150 points
3rd Quartile	AVERAGE -	50 points
4th Quartile	BELOW AVERAGE -	25 points

(2) APPROPRIATENESS - 200 points
Two major factors will be weighed in this ranking category:

** the soundness of the applicant's community housing plan and the related project for which CDBG funding is sought; and

** the strength of the technical and administrative elements of the project.

Since each application will be unique, responding to particular community-specific needs, there can be no "right" or "wrong" activities or solutions. The ranking of "Appropriateness" (and, later, of "Impact") will necessarily be in part subjective, with the Department taking into account not only how well each applicant addresses the problems it has defined, but also how its problems and responses compare with those of other applicants. Responses may vary considerably depending upon the size and character of the community and the type of project proposed. The Ranking Committee will group responses according to quartiles.

The number of applicants assigned the same score may exceed 25% if the Ranking Committee determines that more than one-fourth of the applications are of equal quality or if the committee determines that no application merits one of the four scores.

(a) Plan and Project-100 points
An "outstanding" application in this category would receive 100 points. Factors contributing to the achievement of such a score would include:

i. The applicant has developed a complete, well-reasoned, appropriate, and achievable plan for dealing with its total housing needs, both within and without the target area or group, taking into consideration all available public and private resources and local capacity;
ii. The local governing body has officially adopted a housing plan as a matter of public policy;
iii. The proposed program for which CDBG funding is sought is an integral part of that plan. (It need not be the first priority item identified in the overall plan if other, more appropriate, resources are available and already being used to meet higher priority needs);
iv. The community has made substantial local efforts to deal with its housing problems;

v. There has been active citizen participation in the selection of the target area or group, and the rationale for selection of the target area or group is consistent with the needs identified and goals set in the community housing plan.

Applications would be ranked as follows:

1st Quartile	OUTSTANDING	100 points
2nd Quartile	ABOVE AVERAGE	75 points
3rd Quartile	AVERAGE	50 points
4th Quartile	BELOW AVERAGE	25 points

(b) Technical and Administrative Strength- 100 points
An OUTSTANDING application in this category would receive 100 points. Factors contributing to the achievement of such a score would most likely include:

i. The applicant has thoroughly considered the administrative and technical issues involved in the proposed housing project and has developed appropriate (and perhaps innovative) responses to them. For instance, for a housing rehabilitation project, the applicant has defined the mechanisms and procedures for conducting rehabilitation loan and/or grant negotiations with homeowners, related linkages with area financial institutions, rehabilitation cost estimates, bidding and contracting procedures, construction supervision and inspections, building code inspections, energy audits, coordination with other related programs (weatherization, for instance), and maintenance training for homeowners. Grantee staffing needs have been considered, and preliminary position descriptions (including required skill and experience levels) have been formulated.

ii. If income is to be generated by CDBG-funded activities, a plan has been developed for the use of that money, and a mechanism has been established for its administration. (If a revolving loan fund is to be established with project income, procedures must be outlined covering loan application processing, approval, negotiation, pricing, packaging, servicing, etc.)

iii. The proposed project must be feasible, given the level of identified needs and available resources. (For example: Is the number of units proposed to be served in a rehabilitation project reasonable, given the requested level of funding? If acquisition and demolition are proposed, are there available units to accomodate the relocation of all displaced households? If land assemblage is proposed, have firm commitments been obtained for new construction on the sites acquired?)

Applications would be ranked downwards as follows:

1st Quartile	OUTSTANDING	100 points
2nd Quartile	ABOVE AVERAGE	75 points
3rd Quartile	AVERAGE	50 points
4th Quartile	BELOW AVERAGE	25 points

(3) IMPACT - 200 points
In weighing the anticipated impact of the applicant's proposed CDBG grant activities on the community's identified housing problems the Ranking Committee will consider the extent to which the identified housing problem in the target area or group will be resolved through the CDBG program. For example, a project which would rehabilitate a substantial number of the substandard units in an area would have greater impact than a project which resolved only a small portion of the identified problem in the area.

1st Quartile	OUTSTANDING	200 points
2nd Quartile	ABOVE AVERAGE	150 points
3rd Quartile	AVERAGE	100 points
4th Quartile	BELOW AVERAGE	50 points

(4) BENEFIT TO LOW AND MODERATE INCOME PERSONS
This ranking catagory measures the percentage of low and moderate income households the project will benefit relative to the total number of households the project will benefit. The applicant(s) with the highest percent of benefit will receive the highest score, and all other applicants will be ranked against them.

Example: Suppose there are three applicants. Community A proposed to rehabilitate 40 units, of which all 40 will be occupied by low and moderate income households. Its percent of benefit would be 100%. Community B and Community C choose to rehabilitate some rental units, which have both low and moderate income and higher income residents. Community B rehabilitates 40 units, but only 38 (95%) are occupied by low moderate income persons. Community C rehabilitates 35 units, with 34 of them (97.1%) occupied by low and moderate income persons.

Their scores would be:

A	(100 percent benefit)	200	points
C	(97.1 divided by 100) X 200	194.2	points
B	(95 divided by 100) X 200	190	points

3. Public Facilities

a. Special Threshold Requirements

(1) Public Facilities Plan

The applicant must submit a short (5 page maximum) description of its overall plan for meeting its public facilities needs. The description should cover, at a minimum, the following elements:

(a) Needs
What are the community's overall problems with or needs for public facilities? What priorities exist among these needs or problems?

(b) Resources
What financial and technical resources are available to the community to implement its public facilities plan?

(c) Strategy
What strategy is the community following to meet its public facilities needs? What time line has been established for providing the various public facilities identified as priorities?

(d) Results
What projects has the community already undertaken to respond to its community facility needs or to implement its public facilities plan? What results were achieved?

Note: It is not necessary that the applicant follow the above format in describing its plan for responding to local public facilities needs. The description may combine or reorder the description of these elements, as long as all are addressed.

The following are some possible topics the applicant may wish to consider in preparing responses to the required plan elements. The examples given for each of the elements are merely suggestive of possible responses and should not be considered to be an exhaustive listing of desireable plan elements.

Needs for public facilities might include deteriorating streets, curbs or sidewalks; an inadequate or unsafe water supply or distribution system; inadequate treatment of sewage; solid waste disposal; storm drainage to handle surface run-off; a community or senior center; parks or playgrounds; or street lighting.

Resources could consider a wide variety of financial and technical resources potentially available to the community to implement its public facilities plan. For example, what local revenue sources are available to help finance each of the needed facilities? What other funding sources are available from state and federal government to fund each of the community's priorities? Have all potential sources been contacted? What must be done to access those agencies' funds? Which sources are most appropriate to assist with the types of projects considered priorities?

What resources for training or technical assistance are available to the community? Is the community's staff capable of maintaining existing or proposed services or facilities? If not, what training should be provided?

Strategy might include a description of the community's overall strategy for responding to public facilties needs. For example, what are the community's priorities for dealing with local public facility needs? Which are "needs" and which are "wants"? Which projects could provide beneficial secondary benefits, such as encouraging economic development, new housing construction or revitalizing the local business district or a residential neighborhood, that might justify giving them higher priority? Has the proposed schedule for completion of the facilities been integrated with the local budget process and does it assure coordination and sequential development of related facilities or capital improvements?

Results might include a discussion of the projects the community has already undertaken or completed to respond to its public facilities plan. What sources of funding were used (local, state, federal)? What other actions has the

community taken to maintain its existing facilities or to meet its needs for new or improved public facilities? What results were achieved?

(2) Statement of Purpose

Grant proposals intended to address deficiencies in public facilities must indicate whether the principal purpose of the project will be to:

** benefit low and moderate income households;

** aid in the prevention or elimination of blighting conditions; or

** respond to community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs.

Applicants must select only one of the three options. Each of the three options cited above carries special requirements that must be complied with, as follows:

(a) Applicants citing "benefit to low and moderate income households" as the purpose of their proposed CDBG public facility project must document the basis of the benefit claimed and the source of the data used to calculate the benefit.

(b) Applicants citing "prevention or elimination of blighting conditions" must submit evidence that the geographic area of the proposed CDBG project has been designated a "blighted area" by resolution of the governing body. For the purposes of this requirement, the term "blighted area" means:

an area which is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, and crime; retards the provision of housing accommodations; or constitutes an economic or social liability and/or is detrimental or constitutes a menace to the public health, safety, welfare, and morals in its present condition and use, by reason of:

ERRATUM

We have discovered an omission from the text of the "Statement of Purpose" section for Public Facilities on page 51. The following underlined language in section (c) was omitted:

xv. any combination of such factors.

(c) Applicants citing "response to needs having a particular urgency" must submit a:

(i) verification by a public agency other than the applicant (a state agency, if possible) that existing conditions pose a serious and immediate threat to the health or welfare of the community, and

(ii) evidence that other federal, state or local financial resources are not available to completely meet the identified urgent need.

(3) Preliminary Engineering or Construction Report Applicants for public facility projects must provide a preliminary engineering or construction report which is sufficiently detailed to describe the scope of the problem.

i. the substantial physical dilapidation; deterioration; defective construction, material, and arrangement; and/or age obselescences of buildings or improvements, whether residential or nonresidential;

ii. inadequate provision for ventilation, light, proper sanitary facilties, or open spaces as determined by competent appraisers on the basis of an examination of the building standards of the municipality;

iii. inappropriate or mixed uses of land or buildings;

iv. high density of population and overcrowding;

v. defective or inadequate street layout;

vi. faulty lot layout in relation to size, adequacy, accessibility, or usefulness;

vii. excessive land coverage;

viii. unsanitary or unsafe conditions;

ix. deterioration of site;

x. diversity of ownership;

xi. tax or special assessment delinquency exceeding the fair value of the land;

xii. defective or unusual conditions of title;

xiii. improper subdivision or obselete platting:

xiv. the existence of conditions which endanger life or property by fire or other causes; or

xv. any combination of such factors.

(3) Preliminary Engineering or Construction Report
Applicants for public facility projects must provide a preliminary engineering or construction report which is sufficiently detailed to describe the scope of the problem

to be addressed as well as the components of and estimated costs for the proposed facility or improvements.

(4) Maintenance and Operation Plan
Applicants must provide a description of their plan to technically and financially maintain the proposed public facility project, or the total system of which the project is a component, over the long term.

b. Ranking Criteria

(1) NEED 200 points

Two major factors will be considered ranking "need":

(a) The severity of the public health threat or blighting conditions (150 points); and
(b) The degree of the applicant's financial need for CDBG assistance (50 points).

(a) Severity - 150 points
Depending upon the declared focus of the public facilities project, (see page 50), "severity" will be judged on the basis of either:

i. the severity and immediacy of the threat to the public's health or safety; or

ii. the severity of the blighting conditions affecting the project area.

These factors will be ranked as follows:

i. The "severity and immediacy of the threat to the public's health or safety" will be assessed by using existing criteria of other appropriate public or private agencies, whenever possible. When necessary, the Department will seek professional technical review by appropriate agencies to evaluate proposals in terms of the severity of the threat to the public health and welfare. This criterion would also include a consideration of the immediacy of the threat. An immediate problem would rank higher than a potential problem.

The Montana Department of Health and Environmental Sciences will be asked to review those public facility projects citing a serious and immediate threat to health and to rank them from the most severe and immediate threat to the least threat, by quartiles. This ranking, along with the information contained in the application will be used to guide the Department of Commerce in the ranking.

The applicant considered to be facing the most severe and immediate threat to public health or safety will receive the highest score. All other applications will be ranked against the highest scoring applicant as follows:

1st Quartile	(MOST SEVERE AND IMMEDIATE)	150 points
2nd Quartile	(ABOVE AVERAGE)	122.5 points
3rd Quartile	(AVERAGE)	75 points
4th Quartile	(BELOW AVERAGE)	37.5 points

The failure of an applicant to document a threat to public health or safety will result in zero points. The number of applicants assigned the same score may exceed 25% if the ranking committee determines that more than one-fourth of the applicants face a threat of equal severity.

ii. The "severity of blighting conditions affecting the proposed project area will be assessed by considering the extent of "blighting" conditions as that term is defined under the State CDBG Program (see page 50) and the relative severity of that blight in terms of associated impacts on, or threat to the health and safety of, low or moderate income residents of the area. In describing blighting conditions, the applicant should specify which blighting factors are present in the project area and assess their severity.

Each application will describe the unique conditions existing in an individual community. The evaluation of relative "need" regarding extent and severity of blighting conditions must be, in part, subjective with the Department taking into consideration the responses received from all applicants. Responses may vary considerably depending upon the size and character of the community and the type of project proposed.

The ranking Committee will group responses according to the most severe to the least severe according to quartiles. The number receiving the same score may exceed 25% if the Ranking Committee determines that more than one-fourth of the applications represent conditions of equal severity or if the committee determines that no application merits one of the four scores. Applications will be scored numerically as above for "severity and immediacy."

(b) Financial Need - 50 points
Financial need will assess the degree of the applicant's need for CDBG assistance to finance the proposed project in relation to its overall financial capability, including maximum millage, outstanding indebtedness, bonding capacity, and, if applicable, the existing and proposed rate structure for the service.

Scores will be assigned as follows:

1st Quartile	OUTSTANDING	50 points
2nd Quartile	ABOVE AVERAGE	37.5 points
3rd Quartile	AVERAGE	25 points
4th Quartile	BELOW AVERAGE	12.5 points

Each applicant will reflect unique communityspecific financial needs. The ranking of financial need will necessarily be in part subjective, with the Department taking into account not only the financial need of each applicant but also how its financial need compares with that of other applicants. The Ranking Committee will group responses according to quartiles. The number of applicants assigned the same score may exceed 25% if the Ranking Committee determines that more than one-fourth of the applicants reflect equal need or if the committee determines that no application merits one of the four scores.

An "outstanding" score on this factor would likely result when the applicant provides clear supporting documentation to show that all avenues to fund the proposed project with local resources have been exhausted, such as existing mill levies set at the legal ceiling, outstanding indebtedness at or approaching the limits set by state law, bonding capacity insufficient to fund the entire project, continued past increases in service rates and/or existing or proposed service rates well above average.

(2) APPROPRIATENESS - 200 points
Four equally weighted factors will be considered under this criterion:
(a) The rationale for selection of the project;

(b) Project plan;
i. appropriateness of design,
ii. appropriateness of financing mechanism, and
iii. maintenance and operation;

(c) Community involvement and efforts to resolve the problem locally; and

(d) Efforts to secure alternative or additional funds.

(a) Rationale for selection - 50 points
This factor will consider the thoroughness of the applicant's public facilities plan and the relationship of the project to the plan.

An "outstanding" score on this factor would likely result when:

- the application has developed a thorough, appropriate and achievable long-term plan for dealing with its overall public facility needs, taking into consideration all local, state and federal resources and local capacity;

- the local governing body has officially adopted a public facilities plan or a capital improvements program and has integrated it with its local budget planning and adoption process;

- the proposed CDBG project is an integral part of the capital improvements program or public facilities plan and is consistent with the goals and needs set out in it; and

- there has been active citizen participation in the development of the public facilities plan and in the selection of the CDBG project.

(b) Project Plan - 50 points
This factor will include the following:

i. "the appropriateness of the design" for the facility (based on outside professional review whenever possible) will assess the appropriateness and the cost-effectiveness of the technical design proposed to respond to the identified problem;

ii. "The appropriateness of the financing mechanism" will consider the soundness of the fiscal and administrative mechanisms proposed for funding the project, as well as the marginal benefit of CDBG funding in relation to the total project; and

iii. "Maintenance and operation" will consider the soundness and thoroughness of the applicant's long-term plan for financial and physical maintenance and operation of the facility or system, of which the project may be a component.

An "outstanding" score on this factor would likely result when:

i. The design for the project has received very favorable comments from outside technical reviews regarding its technical appropriateness to deal with the identified need and the reasonableness of projected costs for the proposed method for resolving the problem;

ii. The fiscal and administrative mechanisms proposed to finance the project are consistent with the applicant's fiscal and administrative capacity and appropriate to the normal term of a CDBG project. (A fiscal or administrative mechanism which would involve lower administrative costs in relation to total project impact and individual household benefits would rank higher); and

iii. The applicant has developed a sound plan to assure long-term physical and financial maintenance of all the community's public facilities, as well as the proposed facility or system, including provision of adequate training for maintenance staff and creation of reserves for operation and maintenance costs.

(c) Community involvement and efforts to resolve the problem locally - 50 points
This factor will assess the applicant's past efforts to prevent or resolve the problem.

An "outstanding" score on this factor would likely result when the applicant demonstrates substantial past efforts to resolve the problem with local resources.

(d) Efforts to secure alternative or additional funds - 50 points
This factor considers both the thoroughness and the documentation of the community's efforts to secure alternative or additional state or federal funds to finance the proposed project.

An "outstanding" score on this measure would likely result when the applicant can clearly document that it has made every reasonable effort to thoroughly seek out and secure alternative or additional funds from all appropriate state or federal agencies to finance or assist in the financing the proposed project. The applicant must be able to provide evidence of application to the potential state or federal funding sources and serious efforts to meet any applicable requirements of the agency or program to secure the commitment of alternative or addition funds.

Since each application will represent a unique response to a particular individual community need there is no "right" or "wrong" response or a number or formula which may be used to rank applicants on the criteria for "Appropriateness." As a result, the ranking must be, in part, subjective with the Department considering how appropriately each applicant has responded to the public facility problem it has identified and how that response compares with those of other public facility applicants.

When applications have been scored in all four categories, those scores will be totalled, with the maximum possible score for an applicant being 200. Points will be assigned as follows:

1st Quartile	OUTSTANDING	200 points
2nd Quartile	ABOVE AVERAGE	150 points
3rd Quartile	AVERAGE	100 points
4th Quartile	BELOW AVERAGE	50 points

The number of applicants assigned the same score may exceed 25% if the ranking committee determines that more than one-fourth of the responses on one of the four factors are of equal quality or if the committee determines that no response merits one of the four scores.

(3) IMPACT - 200 points
In weighing the anticipated impact of the applicant's proposed CDBG project on the identified problem, two equally weighted factors will be considered:

(a) Complete and long term solution, and
(b) Financial impact on assisted households, particularly low and moderate income.

(a) Complete and long-term solution - 100 points
This factor will consider the degree to which the project thoroughly addresses the problem and provides a long-term solution; a project that would respond to a solution inappropriately or only partially would rank lower.

(b) Financial Impact - 100 points
This factor will consider the financial demands placed on assisted households, particularly those of low and moderate income, as a result of project activities, such as increased service rates, hook-up charges, or tax assesments. Applicants must describe projected costs per household for the proposed project, with and without CDBG assistance. Projects which would provide only a marginal benefit to assisted households or those which would have a potentially negative impact on low and moderate income households would rank lower. An example of marginal impact would be a project which would only minimally reduce the cost of sewer or water service for assisted households or which would provide equal financial benefit to low and high income households. Examples of a negative impact on low and moderate income households would include substantial increases in user rates or tax assessments, or burdensome hook-up charges.

As for "Appropriateness", the ranking for "Impact must be, in part subjective. The Department will consider how completely each applicant has responded to the public facility problems it had identified and the financial impact on low and moderate income households of the proposed project, in comparison to the responses submitted by all other public facility applicants.

When the applications have been scored in on both factors, those scores will be totalled, with the maximum possible score for an applicant being 100. Points will be scored on each factor as follows:

1st Quartile	OUTSTANDING	100 points
2nd Quartile	ABOVE AVERAGE	75 points
3rd Quartile	AVERAGE	50 points
4th Quartile	BELOW AVERAGE	25 points

The number of applicants assigned the same score on a factor may exceed 25% if the ranking committee determines that more than one-fourth of the responses on one of the two factors are of equal quality or if the Ranking Committee determines that no response merits one of the four scores.

(4) BENEFIT TO LOW AND MODERATE INCOME - 200 points
This ranking criterion assesses the extent to which low and moderate income households will benefit from the expenditure of CDBG funds by dividing the total number of low and moderate

income households to directly benefit from the CDBG project by the total number of households to benefit. The highest percentage score will receive the maximum number of points, 200, and all other applicants will be ranked against the highest scoring applicant, on their relative percentage of benefit. For example, if there are three applicants and:

If Community A will serve 400 households, of which 320 qualify as low or moderate income, its benefit to low and moderate income is 80%.

If Community B will serve 300 households, of which 225 qualify as low or moderate income, its benefit to low or moderate income will be 75%.

If Community C will serve 500 households, of which 300 qualify as low or moderate income its benefit to low or moderate income will be 60%.

The three applications would be scored as follows:

Community A	80%	=	200 points
Community B	75%/80% X 200	=	187.5 points
Community C	60%/80% X 200	=	150 points

B. Comprehensive Applications

1. Special Threshold Requirements

a. Community Development Plan.
An application for a comprehensive grant shall include a summary of the applicant's community development plan. It shall summarize the community development needs of the applicant, its comprehensive strategy for meeting those needs, including its long- and short-term objectives, and the projects and activities planned for the term of the grant commitment. The plan shall consist of the following:

(1) Summary of community development needs.
This shall include a narrative summary of the applicant's community development needs, particularly those of low and moderate income households and any special needs of identifiable segments of the total group of lower income persons. The narrative will include a brief description of the major needs for neighborhood or community revitalization, for community facilities and public improvements, for economic development, and for housing.

(2) Comprehensive Strategy
The applicant shall describe how it proposes to meet its identified community and economic development needs, particularly those of low and moderate income households residing in the community and any special needs of identifiable segments of the lower income population. The provision of all improved community facilities and public improvements, including supporting health, social and similar services where necessary or appropriate, shall be described in a manner that fully insures opportunity for participation by, and benefits to, the handicapped. The strategy shall include a community-wide component which describes the development strategy of the applicant, the major objectives the applicant seeks to accomplish, the priorities it has established for the use of block grant funds, and the factors it has taken into account in selecting areas for treatment and designing programs to meet identified needs. In addition, it shall include the following component strategies:

(a) Community or neighborhood revitalization and the provision of adequate public facilities.

The applicant shall describe its strategy for maintaining and preserving viable neighborhoods and for upgrading areas affected by blight and deterioration or serious deficiencies in public facilities.

This shall emphasize the actions to be taken that will improve conditions for low and moderate income persons residing in the community.

Areas or neighborhoods targeted for concentrated action shall be identified. For each such area the applicant shall describe:

i. The objectives, both long-term and short-term, to be achieved, quantified wherever possible;
ii. The physical improvement programs to be carried out with block grant funds.
iii. Related programs proposed;
iv. Public services to be carried out in support of the physical improvement programs;
v. An implementation schedule showing the anticipated timing of activities and the coordination of block grant funded activ- ities and other local actions;
vi. The anticipated financial resources, including block grant funds, other federal, state, or local funds, and private investments and a schedule showing the anticipated timing for participation of those resources;
vii. The role of any neighborhood or community organizations;
viii. How the housing goals in the community housing plan particularly the rehabilitation goals, support the applicant's neighborhood or community revitalization strategy.
ix. Other neighborhood or community improvement efforts shall be described. This shall include specific actions designed to prevent and eliminate blighting conditions where such actions are not carried out in a concentrated manner; it shall also include actions to provide improved community facilities and public improvements where they will

principally benefit persons of low and moderate income. The strategy shall describe the activities to be carried out, the objectives to be accomplished, the anticipated timing, and the block grant and other funds to be provided.

(b) Housing

The applicant shall describe a community wide strategy to improve housing conditions and to meet the housing needs that have been identified. The strategy shall consist of a housing plan, which should address the following:

i. A strategy for any programs to be carried out on a community wide basis, such as provision of rehabilitation financing for low and moderate income persons or elimination of detrimental conditions; the strategy shall include the goals to be accomplished, a timetable of actions to be taken, and the amount of block grant and other funds to be provided;

ii. Any regulatory and other local actions proposed to foster housing maintenance and improvements. This may include; actions to eliminate discrimination with respect to the availability of credit for the purchase and rehabilitation of housing; and actions to promote investment in restoration of deteriorated or abandoned housing;

iii. The applicant's strategy for increasing the choice of housing opportunities for low and moderate income persons, including efforts to achieve spatial deconcentration of such housing opportunities and actions to affirmatively further fair housing;

iv. Any community facilities and improvements to be provided in support of the applicant's housing strategy and to assure accomplishment of goals for assisted housing; and

v. Where the community development program will result in direct or indirect displacement or other hardships to low and moderate income persons, the strategy shall describe the actions the applicant will take to assist such persons to remain in their present neighborhoods when they prefer and to mitigate any adverse effects resulting from block grant funded activities.

(c) Economic Development
The description of the applicant's strategy for economic development shall include:

i. A description of the major needs for economic development in the locality; this shall include discussion of the needs of identifiable population groups experiencing significant unemployment or underemployment, as well as general economic needs of the applicant experiencing a stagnating or declining tax base or loss of population;

ii. A description of any activities proposed to further economic development and to attract private investment, including the coordination of block grant funded activities with other local actions and a timetable for provision of other federal and state resources;

iii. The number and types of permanent jobs expected to result from proposed economic development projects, particularly jobs for unemployed or underemployed population groups and low and moderate income persons and the types and extent of any job training which will be provided to such residents; and

iv. Description of commitments or interest by developers in new or expanded employment facilities.

(3) Comprehensive Project Summary
This shall consist of a summary of the activities proposed to be carried out with block grant funds during the comprehensive project to implement the applicant's comprehensive strategy, grouped by location, the anticipated timing, the goals to be accomplished, the population benefitting, and the estimated block grant and other funds to be provided, and indicating whether the activities principally benefit low and moderate income persons, aid in the prevention or elimination of blighting conditions, or meet other community development needs having a particular urgency.

(4) Maps
The plan shall include maps showing the following information:
(1) Any concentrations of low and moderate income persons;
(2) The extent and location of substandard and deteriorated housing; and
(3) The locations of proposed block grant funded activities to be included in the comprehensive project.

b. Minimum Activities
A comprehensive project must address community development needs in at least two of the following categories:

(1) economic development;
(2) housing; or
(3) public facilities.

c. Economic Development Requirements
Comprehensive applications proposing economic development activities must comply with the threshold requirements for single-purpose economic projects set out in Part IV. A. 1. a., pages 26 through 30, with the exception of the economic development plan.

d. Housing Requirements
Comprehensive applications proposing housing activities shall comply with the threshold requirements for single-purpose housing projects set out in Part IV. A. 2. a., pages 39 through 43 with the exception of the housing plan.

e. Public Facility Requirements
Comprehensive applications proposing public facilities shall comply with the threshold requirements for single-purpose housing projects set out in Part IV. A. 3. a., pages 48 through 64, with the exception of the public facilities plan.

2. Ranking Criteria
In ranking applications for comprehensive projects the Department of Commerce will consider two factors:

Project Factor
The appropriateness and soundness of the entire proposed project as it relates to the needs, goals, objectives, and priorities set forth in the applicant's community development plan; and

Activity Factor
The strength and anticipated impact of the specific activities which are proposed to be conducted as part of the project.

a. PROJECT FACTOR - 400 points
The Department will evaluate the applicant's total proposed project against the criteria defining a comprehensive project (See Part II, E., 2., page 12.)

Does it involve two or more activities (excluding administration) that bear a relationship to each other and which either in terms of support or necessity must be carried out in a coordinated manner?

Does it address a substantial portion of the identifiable community development needs within a defined concentrated area, or areas? (If applicable.) Was it developed through an assessment of the applicant's total community development needs, including economic development, housing, and public facilities?

Will it have a significant beneficial, measurable impact within a reasonable period of time?

Among the issues to be considered will be the results to be achieved when considering the amounts of funds sought, the persons to be benefitted, the degree and nature of the benefit, additional actions that may be necessary to fully resolve the identified needs, previous actions the applicant may have taken to address those needs, and environmental considerations. Scoring for project impact would be:

OUTSTANDING impact	-	400 points
ABOVE AVERAGE impact	-	300 points
AVERAGE impact	-	200 points
BELOW AVERAGE impact	-	100 points
NO impact	-	0 points

b. ACTIVITY FACTOR - 800 points
In addition to ranking the proposed project as a whole, the Department will also evaluate each of the project components selected (housing, public facilities, or economic development) according to the single purpose ranking criteria for those areas. Comprehensive applications will not be scored against single purpose applications, but against other comprehensive applications proposing the same activities.

After the ranking of each individual activity has been determined they will be weighted according to the percent of CDBG funds (excluding administration) to be expended on each activity. For instance, if three communities scored as follows:

Activity	Comm. A	% of $ in each category	Comm. B	% of $ in each category	Comm. C	% of $ in each category
Housing	800	50%			760	30%
Public Facilities	700	50%	675	15%	700	50%
Economic Development			730	85%	730	20%

They would be ranked as follows:

A (800 x .50) + (700 x .50) = 750 points
400 + 350

C (760 x .30) + (760 x .50) + (730 x .20) = 724 points
228 + 350 + 146

B (675 x .15) + (730 x .85) = 721.75 points
101.25 + 620.50

V. APPLICATION RANKING

A. Ranking Process

1. A Ranking Committee of a least five persons will be appointed by the Director of the Department of Commerce from departmental staff who have not been involved directly in the administration of the state CDBG program or in the direct provision of technical assistance to communities with their CDBG applications. Individuals will be selected based on their broad knowledge and experience in housing, public administration, economic or community development, or in grant and program management. The Ranking Committee will serve in an advisory capacity to the Director regarding the applications that should be considered for CDBG awards. The Ranking Committee evaluation sessions are not "meetings" for purposes of the Montana Open Meeting Law (Section 2-3-203, M.C.A.).

2. Upon submission, Department of Commerce CDBG staff will review each application for completeness and for conformance to program regulations and guidelines. The staff may request additional information during the review period. Information submitted after the deadline will not be considered unless it has been requested by the Department. Consequently, the ranking committee's deliberations and the evaluation of applications are not subject to the provisions of Sections 1-3-101 through 2-3-114, M.C.A., concerning public participation in governmental decisions.

3. The Department will provide for outside technical review of applications by other public or private agencies or professionals, when deemed necessary to assure adequate review.

4. Each application will be evaluated by a team consisting of one CDBG staff person and one ranking committee member. Teams will be assigned similar types of projects to the extent possible. The team will prepare a summary of each project which will include a description of the proposed project's response to the ranking criteria and any concerns raised by the team or the outside technical review.

5. Each team will propose definitions appropriate to the type of projects it had reviewed for those criteria for which specific definitions of the four rating levels have not already been established. After considering the proposed definitions, the ranking committee, as a whole, will then establish definitions for the criteria, based upon the variety of responses included in submitted applications and the requirements of the State CDBG Program.

6. Each project will be presented to the Ranking Committee by the committee member who was responsible for detailed review of the application. After reviewing the project summary and considering the committee member's comments, the ranking committee will assess the application's response to each criteria and assign it either an "outstanding", "above average", "average", or "below average" rank. The absence of a response will receive a zero score.

7. Based upon the order of scores for all applicants, the Ranking Committee will submit its recommendations for grant awards to the Director of the Department for his consideration.

8. The final decision on grant awards will be made by the Director. The actual number and types of awards will be subject to funding availability, and the amount of each applicant's request, and the procedures set out in Section II, F, 3., "Distribution of Funds." In the event of tie scores, projects will be selected on the basis of the Director's judgement of the overall quality of the proposed projects and their consistency with the goal and objectives of the Montana CDBG Program.

B. Announcement of Rankings Results and Grant Awards

1. As soon as possible after the selection of applicants to receive awards is completed, the Director will notify all applicants of the final results.

2. A summary of the final ranking results and the Ranking Committee's conclusions regarding each application will be prepared and provided to each applicant.

3. Funds will be tentatively allocated to the selected applications. The tentative allocation of funds does not imply approval of all activities or costs proposed in the selected application. The proposed work program and budget may be subject to modification during subsequent contract negotiations between the applicant and the Department.

4. Formal award of funds will be contingent upon the execution of a contract between the applicant and the Department in accordance with all applicable federal and state statutes and regulations and CDBG Requirements.

C. Re-ranking of Applications

1. If an applicant selected for CDBG funding requests a modification of the project activities or budget

proposed in its application, the Department will consider whether the modification is substantial enough to necessitate re-evaluating of the project's ranking. If necessary, the Ranking Committee may be asked to consider the proposed modification and its impact on the scores originally assigned the application.

2. Re-ranking may also be considered in the event that an applicant tentatively selected to received CDBG funds is unable to substantiate information contained in the application which may have been a determining factor in the ranking score received.

D. Application Review

Department of Commerce CDBG staff will review applications with applicants on request to discuss the evaluation and ranking of their applications.

E. Applicant Appeal

1. An applicant that is not selected for funding has fourteen days after receipt of notification of the ranking results to submit, in writing, a request for review of its application.

2. The Department must respond to requests for review within fourteen days.

3. Appeals will be granted only on the basis of miscalculation of the arithmetic scores.

4. In the event that the Department determines that a miscalculation of scores occurred and resulted in an application not being selected for funding that otherwise would have been selected, the Department will reserve funds from the fiscal year 1984 CDBG state allocation sufficient to fund that application. Those funds will be made available to that applicant as soon as is practicable. If any other applicant tentatively selected for fiscal year 1983 funding is unable to fulfill the conditions required to secure a final commitment of funds, the tentative grant commitment to that applicant will be withdrawn and made available to that applicant erroneously scored. The reservation of 1984 CDBG funds would then be adjusted or canceled, as appropriate.

APPENDIX A

For the purposes of Montana's Community Development Block Grant Program (CDBG), "low to moderate" income has been defined as a person or household whose total gross, unadjusted income, does not exceed 80% of the median income for all persons or households in that county. Since the same income definition is used for the U.S. Department of Housing and Urban Development (HUD) "Section 8" Moderate Rehabilitation Program, Montana's CDBG program will utilize the income limits published for that program. The following are the current "Section 8" guidelines, by county, for 80% of median income, by size of household.

HOUSEHOLD INCOME LIMITS

	1-PERSON	2-PERSON	3-PERSON	4-PERSON	5-PERSON	6-PERSON	7-PERSON	8-PERSON OR MORE
BEAVERHEAD COUNTY	11850	13550	15290	16950	18000	19100	20150	21200
BIG HORN COUNTY	11550	13200	14850	16500	17500	18550	19550	20600
BLAINE COUNTY	10850	12400	13950	15500	16500	17450	18450	19400
BROADWATER COUNTY	11000	12550	14100	15700	16650	17650	18600	19600
CARBON COUNTY	11350	13000	14600	16250	17250	18250	19300	20300
CARTER COUNTY	11750	13450	15100	16800	17850	18900	19950	21000
CASCADE COUNTY	14150	16200	18200	20250	21500	22750	24050	25300
CHOUTEAU COUNTY	12800	14650	16500	18300	19450	20600	21750	22900
CUSTER COUNTY	13500	15400	17350	19300	20500	21700	22900	24100
DANIELS COUNTY	11700	13400	15050	16700	17750	18800	19850	20900
DAWSON COUNTY	14400	16450	18500	20550	21850	23150	24400	25700
DEER LODGE COUNTY	13800	15750	17700	19700	20900	22150	23350	24600
FALLON COUNTY	13450	15350	17300	19200	20400	21600	22800	24000
FERGUS COUNTY	11400	13000	14600	16250	17250	18300	19300	20300
FLATHEAD COUNTY	13500	15400	17350	19300	20500	21700	22900	24100
GALLATIN COUNTY	14000	16000	18000	20000	21250	22500	23750	25000
GARFIELD COUNTY	10450	11900	13400	14900	15850	16750	17700	18650

	1-PERSON	2-PERSON	3-PERSON	4-PERSON	5-PERSON	6-PERSON	7-PERSON	8-PERSON OR MORE
GLACIER COUNTY	11500	13100	14750	16400	17400	18450	19450	20500
GOLDEN VALLEY COUNTY	10450	11900	13400	14900	15850	16750	17700	18650
GRANITE COUNTY	11400	13050	14700	16300	17350	18350	19400	20400
HILL COUNTY	14650	16750	18850	20950	22250	23600	24900	26200
JEFFERSON COUNTY	14000	16000	18000	20000	21250	22500	23750	25000
JUDITH BASIN COUNTY	10800	12350	13900	15450	16400	17350	18350	19300
LAKE COUNTY	10450	11950	13450	14950	15900	16850	17750	18700
LEWIS & CLARK COUNTY	15200	17350	19500	21700	23050	24400	25750	27100
LIBERTY COUNTY	12700	14550	16350	18150	19300	20450	21550	22700
LINCOLN COUNTY	13600	15500	17450	19400	20600	21850	23050	24250
MCCONE COUNTY	11400	13050	14650	16300	17300	18350	19350	20400
MADISON COUNTY	11150	12750	14350	15900	16900	17900	18900	19900
MEAGHER COUNTY	11500	13100	14750	16400	17400	18450	19450	20500
MINERAL COUNTY	12550	14350	16150	17900	19050	20150	21300	22400
MISSOULA COUNTY	14450	16500	18600	20650	21950	23200	24500	25800
MUSSELSHELL COUNTY	10450	11900	13400	14900	15850	16750	17700	18650
PARK COUNTY	13200	15100	17000	18900	20050	21250	22400	23600

	1-PERSON	2-PERSON	3-PERSON	4-PERSON	5-PERSON	6-PERSON	7-PERSON	8-PERSON OR MORE
PETROLEUM COUNTY	10450	11900	13400	14900	15850	16750	17700	18650
PHILLIPS COUNTY	10450	11900	13400	14900	15850	16750	17700	18650
PONDERA COUNTY	14300	16300	18350	20400	21650	22950	24200	25500
POWDER RIVER COUNTY	12950	14800	16650	18500	19650	20800	21950	23100
POWELL COUNTY	12550	14350	16150	17900	19050	20150	21300	22400
PRAIRIE COUNTY	10450	11900	13400	14900	15850	16750	17700	18650
RAVALLI COUNTY	11250	12850	14450	16100	17100	18100	19100	20100
RICHLAND COUNTY	14450	16500	18600	20650	21950	23200	24500	25800
ROOSEVELT COUNTY	12100	13800	15550	17300	18350	19450	20500	21600
ROSEBUD COUNTY	14500	16600	18650	20700	22000	23300	24600	25900
SANDERS COUNTY	11200	12800	14400	16000	17000	18000	19000	20000
SHERIDAN COUNTY	12800	14600	16400	18250	19400	20550	21650	22800
SILVER BOW COUNTY	14200	16250	18300	20300	21600	22850	24150	25400
STILLWATER COUNTY	11250	12850	14450	16100	17100	18100	19100	20100
SWEET GRASS COUNTY	10450	11900	13400	14900	15850	16750	17700	18650
TETON COUNTY	11850	13550	15250	16950	18000	19100	20150	21200
TOOLE COUNTY	12700	14550	16350	18150	19300	20450	21550	22700

	1-PERSON	2-PERSON	3-PERSON	4-PERSON	5-PERSON	6-PERSON	7-PERSON	8-PERSON OR MORE
TREASURE COUNTY	10450	11900	13400	14900	15850	16750	17700	18650
VALLEY COUNTY	12650	14450	16250	18100	19200	20350	21450	22600
WHEATLAND COUNTY	11050	12600	14200	15750	16750	17750	18700	19700
WIBAUX COUNTY	10800	12350	13900	15450	16400	17400	18350	19300
YELLOWSTONE COUNTY	15000	17150	19300	21450	22800	24100	25450	26800

APPENDIX B

GUIDELINES ON ACTIVITIES ELIGIBLE FOR CDBG FUNDING

In most cases, eligibility for CDBG funding is clear and uncomplicated. The only extra analysis required is to note any special requirements which must be met as a condition of eligibility. However, on occasion, complex and unusual proposals are encountered. In such cases, the following approach may prove helpful in determining whether a specific activity is eligible under the Montana CDBG program.

Generally, an activity is eligible only if it meets one of the specific provisions defining an eligible activity.

Suggested Review Process:

1. Describe the project, product or service to be paid for with CDBG funds.

2. Identify the specific provision of the guidelines that the activity best fits.

3. Review the language of the provision selected.

4. Consider which general policies and special requirements may apply.

Alternatives for Eligibility Determinations:

1. Activity is eligible; only general policies apply;

2. Activity is eligible; one or more special requirements apply and have been met;

3. Activity may be eligible; one or more special requirements apply but have not been met;

4. Activity may be eligible, but only if carried out by qualified recipient or under special circumstances; or

5. Activity is ineligible.

If any question exists regarding an activity's eligibility for CDBG funding, the Department of Commerce should be contacted for clarification.

Eligible Activities
under
The Montana Community Development
Block Grant Program

I. GENERAL POLICIES

A. Determinations of eligibility

This section describes the variety of eligible activities that may be undertaken with CDBG funds to meet community development needs. The listing of certain eligible types of activities does not by itself, however, make specific activities, proposed by individual applicants, eligible for block grant assistance. There are other threshold requirements that must also be met to qualify a specific activity for assistance. (See pages ____.) An activity may be assisted only in those instances where it complies with the eligibility criteria of this section, with all other applicable requirements, and the basic objectives of the Montana Community Development Block Grant (CDBG) program. The applicant must also comply with all applicable environmental review procedures and administrative requirements established under the Montana CDBG Program.

B. Special policies governing facilities

The following special policies apply to:

1. Facilities containing both eligible and ineligible uses where a facility, otherwise eligible for assistance under the CDBG program in Section II.C. is to be provided as a part of a multiple-use building or facility that also contains otherwise ineligible uses, the portion of the costs attributed to the eligible facility may be assisted with CDBG funds where:

   a. The facility, which is otherwise eligible, will occupy a designated and discrete area within the larger facility; and

   b. The applicant can determine the costs attributable to the facility proposed for assistance as separate and distinct from the overall costs of the multiple-use building or facility. For example, a senior center, which is to occupy space within a building that is otherwise used for the conduct of general governmental business, may be assisted when it exclusively occupies a separate and designated area within the building (i.e. the senior center does not "float" to different

locations with in the building that happen to be available on a less than permanent basis) and the applicant can determine the cost associated with providing the senior center as distinct from those costs associated with all remaining ineligible portions of the building.

2. Facilities located on school property
Any facility eligible for assistance under Section II.C. which is designed primarily for a public purpose other than education, is not considered to be a school or educational facility where, although it is to be located on a site controlled by a school district, school board or similar body responsible for public education, the facility will only be used by any adjacent school or educational facility on an incidental basis. In order to determine whether the facility is to be used on an incidental basis, the applicant shall at a minimum demonstrate that:

a. After school hours and on weekends, the facility shall be available for use by the general public to the same extent as similar facilities operating within the applicant's jurisdiction; and

b. During school hours, the facility is not used for school purposes for more than four hours each day.

C. Activities outside an applicant's boundaries
Applicants may conduct activities which are otherwise eligible for CDBG assistance outside of their boundaries which are not inconsistent with state, law or local regulations and which are not inappropriate to meet the identified needs of the applicant.

D. Special assessments
The following policies relate to the use of special assessment under the CDBG program:

1. Definition of special assessment
The term "special assessment" means a fee or charge levied or filed as a lien against a parcel of real estate as a direct result of benefit derived from the installation of a public improvement such as streets, or sewer or water service. The amount of the fee represents the pro rata share of the capital costs of the public improvement levied against the benefitting properties. This term does not relate to taxes, or the establishment of the value of real estate for the purpose of levying real estate, property, or ad valorem taxes.

2. Special assessments to recover capital costs funded in whole or in part with CDBG funds

   a. The general rule is that special assessments may not be used to recover any of the capital costs of public improvements funded with CDBG funds. The Department of Commerce (DOC) will not attempt to recover the capital costs of public improvements funded with CDBG funds from properties owned and occupied by low and moderate income persons.

   b. Where the capital cost of a public improvement is funded entirely with CDBG funds, and the applicant with DOC authorization levies a special assessment, the applicant shall credit the entire amount collected to program income.

      (1) where the capital cost of a public improvement is funded with both CDBG and local funds, and the applicant with DOC authorization levies a special assessment in an amount not exceeding its local investment, the applicant may retain the entire amount collected.

      (2) Where the capital cost of a public improvement is funded with both CDBG and local funds, and the applicant with DOC authorization levies a special assessment in an amount exceeding its local investment, the applicant may retain up to the entire amount of the local investment and credit the remainder of the special assessment to program income. However, the applicant shall apportion the special assessment, as collected so that the portion retained as the local investment is in the ratio of the total local investment to the total amount of the special assessment.

   c. The total amount of any special assessment and the amount of funds, as collected, shall be recorded as part of the grant program transactions in accordance with Attachment G of Office of Management and Budget (OMB) Circular No. A-102.

3. Special assessments paid with CDBG funds

CDBG funds may be used to pay special assessments levied against properties owned and occupied by low and moderate income persons for the capital costs of eligible public facilities and improvements financed from local revenue sources, other than CDBG funds,

which represent the pro rata share of the capital cost of the eligible facility or improvement to the benefitting property.

4. Consultant activities

Consulting services are eligible for CDBG funding for professional assistance in program planning and other general professional guidance relating to program execution. The use of consultants is governed by the following:

a. Employer-employee type of relationship
No person providing consultant services in an employer-employee type of relationship shall receive more than a reasonable rate of compensation for personal services paid with CDBG funds. Such services shall be evidenced by written agreements between the parties which detail the responsibilities, standards and compensation. Adjustments of eligible costs for such services may be required where audit and monitoring reviews indicate the rates of compensation were not reasonable.

b. Independent contractor relationship
Consultant services provided under an independent contractor relationship are governed by the Procurement Standards of Attachment O of OMB Circular No. A-102.

5. Limitation on planning and administrative costs
No more than 18 percent of the total CDBG grant to a recipient local government may be budgeted or expended for planning and administrative costs eligible under Sections VI and VII.

II. BASIC ELIGIBLE ACTIVITIES

Grant assistance may be used for the following activities:

A. Acquisition
Acquisition in whole or in part by a public agency, by purchase, lease, donation or otherwise, of real property (including air rights, water rights, rights-of-way, easements, and other interests therein) which is:

1. Blighted, deteriorated, deteriorating, undeveloped or inappropriately developed from the standpoint of sound community development and growth, as determined by the recipient pursuant to state laws and local regulations;

2. Appropriate for rehabilitation or conservation activities;

3. Appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources and scenic areas, the provision of recreational opportunities or guidance of urban development;

4. To be used for the provision of public works, facilities and improvements eligible for CDBG assistance; or

5. To be used for other public purposes, including the conversion of land to other uses where necessary or appropriate to the community development program. An example would be an applicant purchasing land to be used for the development of housing for low and moderate income persons.

B. Disposition

Disposition, through sale, lease, donation, or otherwise, of any real property acquired with CDBG funds or its retention for public purposes, including reasonable costs of temporarily managing such property provided that the proceeds from any such disposition shall be considered program income.

C. Public facilities and improvements

Acquisition, construction, reconstruction, rehabilitation, or installation of certain publicly owned facilities and improvements. Public facilities and improvements eligible for assistance under this paragraph are subject to the special policies in Section I.B. and the rules on ineligible facilities and improvements in Section VIII., A., B. and C. and include:

1. Senior centers

"Senior center" does not include any facility whose primary function is to provide residential accommodations or care on a 24-hour day basis (such as a group home) Further information regarding the rehabilitation of residential facilities is set forth in. Section III., A.2. and C.1.

2. Parks, playgrounds and other recreational facilities which are designed for participation, but not spectator facilities such as stadiums.

3. Centers for the handicapped

"Center for the handicapped" means any single or multipurpose facility which seeks to assist persons with physical, mental, developmental and/or emotional impairments to become more functional members of the

community by providing programs or services which may include, but are not not limited to, recreation, education, health care, social development, independent living, physical rehabilitation and vocational rehabilitation. "Center for the handicapped" does not include any facility whose primary function is to provide residential care on a 24-hour a day basis (such as a group home or halfway house.)

For example, a sheltered workshop would be a single purpose center for the handicapped, and a facility providing several services for the handicapped would be a multipurpose center for the handicapped, both of which are eligible for assistance. Information regarding the rehabilitation of residential facilities is set forth in Section III., A.2. and C.1.

4. Neighborhood facilities
Such facilities may be of either a single purpose or multipurpose nature and be designed to provide health, social, recreational or similar community services primarily for residents of either a neighborhood service area or the entire jurisdiction of a local government.

5. Solid waste disposal facilities
"Solid waste disposal facilities" are defined as those physical parts of solid waste management systems commencing at and including the site or sites at which vehicles discharge solid wastes, through the point of ultimate disposal including necessary site improvements and conveying systems, including appropriate fixed and movable equipment including vehicular containers used after the first stage of disposal at transfer stations, but not including the final collections. Equipment and appurtenances used in the initial collection of solid waste are not included among those solid waste disposal facilities eligible for assistance.

6. Fire protection facilities and equipment

a. "Fire protection facilities" are defined as the land and improvements which are necessary for properly housing and storing fire protection equipment and personnel by a fire protection organization, but not including fire fighting schools and their appurtenances.
b. "Fire protection equipment" is defined as the appropriate equipment and apparatus which a fire protection organization requires for carrying out a program for protecting property and maintaining the safety and welfare of the public, including emergency medical aid, from the dangers of fire.

7. Parking facilities

8. Public utilities, other than water and sewer, which include:

   a. Facilities necessary for distribution of the utility (but not production or generation, such as electrical generation plants);
   b. Buildings and improvements that are an integral part of the utility and are of such a nature that the utility will not function without them; and
   c. The placing underground of existing or new distribution facilities. Further information regarding the eligibility of assistance to privately owned utilities is set forth in Section II.L.

9. Street improvements
   "Street improvements" are defined as streets, street lights, traffic signals, signs, street furniture, trees, bridges, culverts, alleys, causeways, curbs, gutters, sidewalks, and other normal appurtenances to streets and structures facilitating the passage on, or usage of, streets, but excluding expressways and other limited access ways and their appurtenances.

10. Water and sewer facilities, including storm sewers
    "Storm sewers" are defined as sewers or other conduits, open or closed, or their appurtenances which collect, transport and dispose of storm waters, surface water, street wash, and ground water or drainage into an existing water course, but excluding domestic waste water and commercial and industrial wastes.

11. Foundations and platforms for air rights sites

12. Pedestrian malls and walkways

13. Flood and drainage facilities, in cases where assistance for such facilities has been determined to be unavailable under other federal laws or programs. The term "flood and drainage facilities" means those undertakings designed to influence or affect the flow in a natural water course (such as a river, stream lake, or intermittent stream) and excludes storm sewers.

14. Other public facilities and improvements, not listed in this paragraph, except those described in Section VIII., A.1. and F., which are necessary and appropriate to the implementation of the applicant's community development plan.

D. Clearance activities

"Clearance activities" includes clearance, demolition and removal of buildings and improvements, including movement of structures to other sites. Demolition of federally assisted housing units may be undertaken only with the prior approval of DOC.

E. Public services

Provision of public services (including labor, supplies and materials) which are directed toward improving the community's public services and facilities, and which are directed toward coordinating public and private development programs. Such services may be provided by state or local governments, quasi-public, private or nonprofit agencies selected by the applicant for funds provided under this section. In order to be eligible for CDBG assistance, public services must meet each of the following criteria:

1. Public services are to be provided for residents of areas where CDBG assisted physical development activities are being carried out in a concentrated manner. The phrase "concentrated manner" shall mean that the CDBG assisted physical development activities are being carried out within an area in a coordinated manner to serve a common objective or purpose pursuant to a local community development plan.

2. Such services must be directed toward meeting the needs of residents of such areas.

3. A public service must be either:

   a. A new service, or
   b. A quantifiable increase in the level of a service above that which has been provided by or in behalf of the applicant from local revenue sources or state funds received by the applicant in the calendar year prior to submission of the block grant application. An exception to this requirement with regard to state-funded services may be made if DOC determines that the decrease in the level of a service was the result of events not within the control of the applicant.

4. Public services must be determined by the applicant to be necessary or appropriate to support the physical development activities to be carried out pursuant to paragraph E.1. of this section.

   a. The specific determination of support for each proposed public service is not required to be included in the application, but the applicant must describe the relationship of the public

service to its overall physical community development activities.

b. DOC will accept the applicant's determination that a public service is necessary and appropriate to support the physical development activities unless there is substantial evidence to the contrary, in which case additional information or assurances may be requested from the applicant prior to a determination of eligibility.

F. Interim assistance

Interim assistance to alleviate harmful conditions where immediate public action is determined by the applicant to be necessary.

1. The following activities may be undertaken as a prelude to more comprehensive treatment in areas where activities are to be carried out to hold the area from further deterioration during the interim period:

   a. The repairing of streets, sidewalks, parks, playgrounds, publicly owned utilities and public buildings;
   b. The improvement of private properties to the extent necessary to eliminate immediate dangers to public health, safety or welfare;
   c. The establishment of temporary public playgrounds on vacant land; and

   d. The execution of special garbage, trash, and debris removal, including neighborhood clean up campaigns, but not the regular collection of garbage or trash in an area.

2. The following activities may be undertaken to the extent necessary to alleviate emergency conditions threatening the public health and safety in areas where the applicant's chief executive officer determines that an imminent threat to the public health and safety exists requiring immediate resolution of emergency conditions:

   a. The improvement of private properties;
   b. the repair of streets, sidewalks, utilities, and other public facilities and improvements; and
   c. The removal of trash and debris, unsafe structures, clearance of streets and other similar activities.

G. Payment of the non-federal share required in connection with a federal grant-in-aid program undertaken as part of the block grant activities, provided, that such payment shall be limited to activities otherwise eligible for CDBG funding.

H. Urban renewal completion
Payment of the cost of completing an urban renewal project funded under Title I of the Housing Act of 1949 as amended.

I. Relocation
Relocation payments and assistance for displaced individuals, families, businesses, nonprofit organizations, and farm operations, when determined by the applicant to be appropriate to its community development program. (Further information regarding the eligibility of relocation costs is set forth in 24 CFR (Code of Federal Regulations) §570.602.)

J. Loss of rental income
Payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for the relocation of individuals and families displaced by program activities assisted with CDBG funds.

K. Removal of architectural barriers
Special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly or handicapped persons to publicly owned and privately owned buildings, facilities, and improvements.

L. Privately owned utilities
Acquisition, construction, reconstruction, rehabilitation, or installation of distribution facilities and lines of privately owned utilities where necessary and appropriate to implement the applicant's strategy for community development plan. Activities may include the placing underground of new or existing distribution facilities. The applicant must submit a description of the proposed activity and the relationship to the applicant's community development plan, with its application for CDBG funds.

III. ELIGIBLE REHABILITATION AND PRESERVATION ACTIVITIES

Grant assistance may be used for the following activities for the rehabilitation of buildings and improvements:

A. Rehabilitation of public residential structures
Rehabilitation of publicly owned or acquired properties for use or resale in the provision of housing, including:

1. Permanent housing units, both single family and multifamily, for rental or sale; and
2. Residential facilities, including group homes, halfway houses, and emergency shelters. For example, a group

home for the handicapped or a temporary shelter for battered persons may be provided through acquisition and rehabilitation of properties for those purposes.

B. Public housing modernization
Modernization and modernization planning of publicly owned low-income housing (excluding the new construction of office facilities for such public housing)

C. Rehabilitation of private properties
Block grant assistance may be used for the rehabilitation of privately owned properties. Assistance may consist of:

1. Acquisition for the purpose of rehabilitation
Block grant funds may be used to assist private entities, including those organized for profit and on a not-for-profit basis, to acquire, for the purpose of rehabilitation, and rehabilitate properties for use or resale in the provision of housing which, upon completion of rehabilitation, at a minimum will meet HUD Section 8 Existing Housing Quality Standards including:

   a. Permanent housing units, both single family and multifamily, for rental or sale; and
   b. Residential facilities, including group homes, halfway houses, and emergency shelters;

2. Rehabilitation financing
Block grant funds may be used to finance the rehabilitation of privately owned residential, non-residential (excluding industrial), and mixed use properties.

   a. Such financing may be provided either:
      (1) within areas designated in the application for comprehensive treatment, such as a specific neighborhood:
      (2) for persons of low and moderate income; or
      (3) to eliminate conditions detrimental to public health and safety, provided that the rehabilitation assistance is limited to the extent necessary to correct the conditions that are detrimental to public health and safety.

   b. CDBG funds may be used directly to finance rehabilitation, including settlement costs, through the direct use of CDBG funds in the provision of assistance, such as grants, loans, loan guarantees and interest supplements, for:

      (1) Costs of rehabilitation of properties, including, repair directed toward cure of an

accumulation of items of deferred maintenance, replacement of principal fixtures and components of existing structures, and renovation through alteration, additions to, or enhancement of existing structures, which may be undertaken singly, or in combination;

(2) Refinancing existing indebtedness secured by a property being rehabilitated if such refinancing is necessary or appropriate to the execution of the applicant's community development plan;

(3) Measures to increase the efficient use of energy in structures through such means as installation of storm windows and doors, siding, wall and attic insulation, and conversion, modification or replacement of heating and cooling equipment including the use of solar energy equipment;

(4) Financing of costs associated with the connection of residential structures to water distribution lines or local sewer collection lines; or

(5) Costs of initial homeowner warranty premiums for rehabilitation carried out with CDBG assistance.

3. Materials
CDBG funds may be used to provide materials, including tools, for use in the rehabilitation of properties either by the property owner or tenant, or where arrangements have been made for the provision of labor.

4. Rehabilitation services
CDBG funds may be used to provide rehabilitation services, such as rehabilitation counseling, loan processing, preparation of work specifications, and other services related to assisting owners rehabilitate their properties, in conjunction with the provision of rehabilitation financing under paragraph C.2. of this part and under Section 312 of the Housing Act of 1964 as amended.

D. Temporary relocation assistance
CDBG funds may be used for temporary relocation payments and assistance to individuals, families, businesses, non-profit organizations, and farm operations displaced temporarily by rehabilitation activities assisted under this part.

E. Code enforcement
Code enforcement in deteriorating or deteriorated areas where activities included in a CDBG project are being carried out and where such enforcement together with

public improvements, rehabilitation assistance, and services to be provided, may be expected to arrest the decline of the area.

F. Historic preservation
Rehabilitation, preservation, restoration and acquisition of historic properties, either publicly or privately owned, which are those sites or structures that are either listed in or eligible to be listed in the National Register of Historic Places, listed in a state or local inventory of historic places, or designated as a state or local landmark or historic district by appropriate law or ordinance.

Publicly owned historic properties may be assisted, including those properties which are otherwise ineligible for assistance under this subpart. However, eligibility is limited only to those costs necessary for rehabilitation, preservation or restoration of the property and not for conversion or expansion of the property for any eligible use.

IV. ELIGIBLE ECONOMIC DEVELOPMENT ACTIVITIES

CDBG Grant assistance may be provided for the following activities which are not otherwise eligible for CDBG assistance, which are directed toward the alleviation of physical and economic distress, or the economic development of a community through stimulation of private investment, community revitalization, and expansion of economic opportunities for low and moderate income persons, and handicapped persons, and which are necessary and appropriate to implement the applicant's strategy for economic development.

A. Acquisition
Acquisition of real property for economic development purposes.

B. Public facilities and improvements
Acquisition, construction, reconstruction, rehabilitation, or installation of public facilities and improvements not otherwise eligible for assistance, except buildings and facilities for the general conduct of government which are excluded, Section VIII., A.1.

For example, a training center which is designed to prepare for the work force low and moderate income persons who are unemployed or underemployed, for the work force may be assisted where it is determined by the applicant that such a facility is necessary and appropriate to support its economic development plan.

C. Commercial and industrial facilities
Acquisition, construction, reconstruction, rehabilitation

or installation of:

1. Commercial or industrial buildings and structures, including:

   a. Purchase of equipment and fixtures which are part of the real estate, but not personal property; and
   b. Energy conservation improvements designed to encourage the efficient use of energy resources (including renewable energy resources or alternative energy resources).

2. Commercial or industrial real property improvements (including railroad spurs or similar extensions).

V. ELIGIBLE ACTIVITIES BY PRIVATE NONPROFIT ENTITIES, COMMUNITY BASED NONPROFIT ORGANIZATIONS, LOCAL DEVELOPMENT CORPORATIONS, SMALL BUSINESS INVESTMENT COMPANIES, OR PRIVATE, FOR-PROFIT ENTITIES.

A. General

Grant assistance may be used by applicants to provide CDBG funds for activities designed to implement the applicant's strategy for economic development plan to be carried out by a private nonprofit entity, a community-based nonprofit organization, local development corporation, Small Business Investment Company (SBIC), or private, for-profit entity.

1. Applicant Responsibilities

Applicants are responsible for ensuring that CDBG funds are utilized by such entities in a manner consistent with the requirements of this section and other applicable Federal or state laws or local regulations.

2. Eligible Entities

Entities eligible to receive block grant funds under this section are:

   a. A "private non-profit entity" which is any organization, corporation, or association, duly organized to promote and undertake community development activities on a not-for-profit basis, including new community associations;
   b. A "community based nonprofit organization" which is an association or corporation, duly organized to promote and undertake community development activities on a not-for-profit basis within a community. An organization is considered to be community-based if the majority of either its membership, clientele, or governing body are residents of the community where activities

assisted with CDBG funds are to be carried out;

c. A "Small Business Investment Company" (SBIC) which is an entity organized pursuant to section 301(d) of the Small Business Investment Act of 1958 (15 U.S.C. 681 [d]), including those which are profit making;

d. A "local development corporation" which is an entity organized pursuant to Title VII of the Headstart, Economic Opportunity, and Community Partnership Act of 1974 (42 U.S.C. 2981); an entity eligible for assistance under section 502 of the Small Business Investment Act of 1958 (15 U.S.C. 696); a state development entity eligible for assistance under section 501 of the Small Business Investment Act of 1958 (15 U.S.C. 695); or any similar entity incorporated under state law for the principal purpose of providing economic development assistance in neighborhoods or local areas whose residents (including non-resident owners of busnesses located in such neighborhoods or areas) represent a majority of its voting membership and control; and

e. A private, for-profit entity, when necessary or appropriate to carry out an economic development project.

B. Activities eligible under Parts II., III., IV., VI., and VII

CDBG assistance may be provided by an applicant to be utilized by private nonprofit entities, neighborhood-based nonprofit organizations, SBIC's, local development corporations, or private, for-profit entities for activities otherwise eligible for block grant assistance pursuant to Parts II. through IV., VI. and VII. Where such entities use CDBG funds to acquire title to facilities, including those described in Section II.C. or Section IV.B. they shall be operated so as to be open for use by the general public during all normal hours of operation. Reasonable fees may be charged for the use of facilities acquired by such entities, but charges, such as excessive membership fees, which will have the effect of precluding low and moderate income persons from using the facilities are not permitted.

C. Community economic development or community revitalization activities

CDBG assistance may be provided by an applicant to be used by neighborhood-based nonprofit organizations, SBIC's or local development corporations, but not private nonprofit entities as defined in Section IV.A.2.a., for activities which are not otherwise eligible for assistance under this subpart and which are determined by the applicant to be necessary or appropriate to the accomplishment of its community or economic development strategy. Such

activities may include the provision of CDBG assistance for use by neighborhood-based nonprofit organizations, SBICs, local development corporations, or private, for-profit entities, for assistance through grants, loans, guarantees, interest supplements, or technical assistance to new or existing small businesses, minority businesses and neighborhood nonprofit businesses for capital for land, structures, property improvements, and fixtures.

VI. ELIGIBLE PLANNING AND URBAN ENVIRONMENTAL DESIGN COSTS

Grant assistance may be used for the following planning, design, and environmental costs:

A. Development of a comprehensive community development plan
For the purpose of this section, the term "comprehensive community development plan" means a statement or statements (in words, maps, illustrations or other methods of communication) which identify the present conditions, needs and major problems of the applicant's jurisdiction and sets forth objectives, policies and standards to guide the development and implementation of the local community development program.

B. Development of a policy-planning-management capacity so that the applicant may:
1. Set long-term and short-term objectives related to its community development and housing needs;
2. Devise programs and activities to meet these goals and objectives;
3. Evaluate the progress of such programs and activities and the extent to which the goals and objectives have been accomplished; and
4. Carry out the management, coordination and monitoring of the activities and programs that are a part of the applicant's community development program.

C. Comprehensive planning activities
In addition to the planning activities otherwise eligible for assistance under this section, assistance may be also provided for comprehensive planning activities provided that such additional planning activities are necessary or appropriate to meeting the needs and objectives of the applicant's community development program.

VII. ELIGIBLE ADMINISTRATIVE COSTS

Payment of reasonable administrative costs and carrying charges related to the planning and execution of community development activities financed, in whole or in part with CDBG funds. Costs incurred in carrying out the program, whether charged to the program on a direct or an indirect basis, must be in conformance with the requirements of Federal Management

Circular (FMC) 74-4, "Cost Principles Applicable to Grants and Contracts with State and Local Governments." All items of cost listed in Attachment B., Section C. of that Circular are allowable to the extent they constitute reasonable costs and are otherwise eligible.

A. General management, oversight and coordination
Reasonable costs of overall program management, coordination, monitoring and evaluation, and similar costs but excluding activity delivery costs eligible as costs of carrying out the activity under Sections II. through V. Such costs include, but are not limited to, necessary expenditures for the following:

1. Salaries, wages and related costs of the grantee's staff and the staff of local public agencies engaged in general management, coordination, monitoring and evaluation; travel costs incurred for official business in carrying out the program;
2. Administrative services performed under third-party contracts or agreements, including such services as general legal services, accounting services and audit services; and
3. Other costs for goods and services required for administration of the program, including such goods and services as rental and maintenance of office space, insurance, utilities, office supplies and rental or purchase of office equipment.

B. The provision of information and other resources to residents and citizen organizations participating in the planning, implementation, or assessment of activities being carried out with CDBG funds. This may include assistance to neighborhood organizations in areas of concentrated activities or to community-wide organizations conducting training or other activities designed to increase the capability of low and moderate income persons to be involved effectively in the development and planning and design of a community development program consistent with applicable citizen participation requirements.

C. Provision of fair housing counseling services and other activities designed to further the objective of promoting greater choice of housing opportunities and avoiding undue concentrations of assisted persons in areas containing a high proportion of lower-income persons.

D. Provision of assistance to facilitate performance and payment bonding necessary for contractors carrying out activities assisted with CDBG funds including payment of bond premiums in behalf of contractors.

E. Reasonable costs relating to the administration of an urban homesteading program carried out under Section 810

of the Housing and Community Development Act of 1974, as amended.

F. Applications for Federal programs, including the CDBG program and UDAG program, may be prepared with block grant funds where necessary and appropriate to implement the applicant's strategy for community development.

G. Activities to facilitate the implementation of a housing assistance plan for necessary expenses, prior to construction, in planning and obtaining financing for the new construction or substantial rehabilitation of housing for lower-income persons. Activities may include:

1. The costs of conducting preliminary surveys and analyses of market needs;
2. Site and utility plans, narrative descriptions of the proposed construction, preliminary cost estimates, design documentation, and "sketch drawings," but excluding architectural, engineering, and other details ordinarily required for construction purposes such as structural, electrical, plumbing, and mechanical details;
3. Reasonable costs associated with development of applications for mortgage and insured loan commitments, including commitment fees, and of applications and proposals under the Section 8 housing assistance payments program; and
4. Fees associated with processing of applications for mortgage and insured loan commitments under programs including those administered by HUD, Farmers Home Administration (FmHA), Federal National Mortgage Association (FNMA), and the Government National Mortgage Association (GNMA).

The new construction or direct financing of new construction of housing is not eligible for assistance except as described in Section VIII.F.

H. Environmental Studies
The reasonable costs of environmental studies, including historic preservation clearances, necessary to comply with project specific environmental accessments and clearances for activities eligible for assistance.

VIII. INELIGIBLE ACTIVITIES

The following is a list of activities which are ineligible for CDBG assistance under most circumstances and serves as a general guide regarding ineligible activities. The examples of ineligible activities are merely illustrative and does not constitute a list of all ineligible activities:

A. The general rule is that public works, facilities, and

site or other improvements are ineligible to be acquired, constructed, reconstructed, rehabilitated, or installed unless they are eligible pursuant to Section II.C. or Section IV.B. Activities undertaken to make facilities and improvements otherwise ineligible for development with block grant assistance accessible to the elderly and handicapped through removal of architectural barriers, or for the purposes of historic preservation are eligible for assistance with block grant funds and are not precluded by this section. Where acquisition of real property includes an existing improvement which is to be utilized in the provision of an ineligible public facility, the portion of the acquisition cost attributable to such improvement, as well as the cost of any rehabilitation or conversion undertaken to adapt or make the property suitable for such use, shall be ineligible. Examples include the following:

1. Buildings and facilities for the general conduct of government, cannot be provided with CDBG assistance, such as city halls and other headquarters of government where the governing body of the recipient meets regularly and which are predominantly used for municipal purposes, such as courthouses, police stations and other municipal office buildings;
2. Other facilities and improvements, which may not be provided with CDBG funds unless they are determined by The Department of Commerce to be necessary and appropriate to the implementation of an applicant's strategy for community development include:

    a. Facilities used for exhibitions, spectator events and cultural purposes, including stadiums, sports arenas, auditoriums, concert halls, cultural and art centers, convention centers and exhibition halls, museums, central libraries, and similar facilities. (Libraries, cultural, art and museum facilities which meet the requirements for neighborhood facilities as set forth in Section II.C.4. are considered neighborhood facilities and are therefore eligible for assistance);
    b. Schools and educational facilities, (including elementary, secondary, college, and university facilities). (A neighborhood facility, senior center or center for the handicapped in which classes in practical and vocational activities such as first aid, homemaking, crafts, independent living, etc. are among the services provided is not considered as a school or educational facility.) Further information regarding facilities located on school property is set forth in Section I.B.2..
    c. Airports, subways, trolley lines, bus or other transit terminals, or stations, and other transportation facilities, (excluding railroad

spurs assisted pursuant to Part IV.C.;

d. Hospitals, nursing homes and other medical facilities. (A neighborhood facility, senior center, or center for the handicapped, which provides general health services is not considered to be a medical facility.)

B. Purchase of equipment

The purchase of equipment with block grant funds is generally ineligible.

1. Construction equipment

The purchase of construction equipment is ineligible, but compensation for the use of such equipment through leasing, depreciation or use allowances pursuant to Attachment B of Federal Management Circular 74-4 for an otherwise eligible activity is an eligible use of block grant funds. An exception which is eligible is the purchase of construction equipment which is used as a part of a solid waste disposal facility which is eligible for CDBG assistance pursuant to Section II.C.5. such as a bulldozer used at a sanitary landfill.

2. Furnishings and personal property

The purchase of equipment, fixtures, motor vehicles, or furnishings or other personalty not an integral structural fixture is ineligible, except when necessary for use by a recipient or its subgrantees in administration of its community development program pursuant to Section VII.A. or as a part of a public service pursuant to Section II.E.

C. Operating and maintenance expenses

The general rule is that any expense associated with operating, maintaining or repairing public facilities and works or any expense associated with providing public services not assisted with CDBG funds is ineligible for assistance. Examples of activities which are not eligible for block grant assistance are:

1. Maintenance and repair or streets, parks, playgrounds, water and sewer facilities, neighborhood facilities, senior centers, centers for the handicapped, parking and similar public facilities. Examples of maintenance and repair activities for which block grant funds may not be used include the filling of pot holes in streets, repairing of cracks in sidewalks, the mowing of recreational areas, and the replacement of expended street light bulbs;
2. Payment of salaries for staff, utility costs and similar expenses necessary for the operation of public works and facilities; and
3. Expenses associated with provision of any public

service which is not eligible for assistance pursuant to Section II.E.

D. General government expenses
Except as otherwise specifically authorized in preceding sections or under Federal Management Circular 74-4, expenses required to carry out the regular responsibilities of a unit of general purpose local government are not eligible for CDBG assistance under this part.

E. Political activities
No expenditure may be made for the use of equipment or premises for political purposes, sponsoring or conducting candidates meeting, engaging in voter registration activity or voter transportation or other partisan political activities.

F. New housing construction
Assistance may not be used for the construction of new permanent residential structures or for any program to subsidize or finance such new construction, except as provided under the last resort housing provisions set forth in 24 CFR Part 42, or pursuant to Section V.C. For the purpose of this paragraph, activities in support of the development of low or moderate income housing in accordance with an adopted local housing plan including clearance, site assemblage, provision of site improvements and provision of public improvements and certain housing preconstruction costs set forth in Section VII.G. are not considered as programs to subsidize or finance new residential construction.

G. Income payments
The general rule is that assistance shall not be used for income payments for any purpose. Examples of ineligible income payments include the following: payments for income maintenance, housing allowances, down payments and mortgage subsidies.

APPENDIX C

Montana Community Development Block Grant Program

STATEMENT OF ASSURANCES

The applicant hereby assures and certifies that:

(a) It possesses legal authority to apply for the grant, to execute the proposed program, and if selected to receive a Community Development Block Grant will make all efforts necessary to assure timely and effective implementation of the project activities described in the attached application.

(b) Its governing body has duly adopted or passed as an official act a resolution, motion or similar action authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the applicant's chief executive officer to act in connection with the application and to provide such additional information as may be required.

(c) It has facilitated or will facilitate citizen participation by:

(1) Providing citizens with an opportunity for meaningful involvement in the development of the application;
(2) Providing adequate notices for two or more public hearings;
(3) Holding, at a minimum:
- one public hearing before preparing the application to obtain views of citizens regarding community development priorities

and

- one public hearing before submission of the application to explain the proposed project
(4) Providing for citizen participation when considering amendments to the community development program; and
(5) Providing for citizen participation in the implementation and assessment of the community development program.

(d) Its chief executive officer or other officer of applicant approved by the State:

(1) Consents to assume the status of responsible Federal official under the National Environmental Policy Act of 1979 (NEPA) and other provisions of Federal law, as specified in 24 CFR Part 58, which further the purposes of NEPA, insofar as the provisions of such Federal law apply to the Montana Community Development Block Grant Program;

(2) Is authorized and consents on behalf of the applicant and himself to accept the jurisdiction of the Federal courts for the purpose of enforcement of his responsibilities as such an official.

(e) It will comply with the regulations, policies, guidelines and requirements of OMB Circulars Number A-87 and A-102, Revised, as specified by the state, which relate to the application, acceptance and use of Federal funds.

(f) It will comply with:

(1) Section 110 of the Housing and Community Development Act of 1975, as amended, 24 CFR 570.605, and State regulations regarding the administration and enforcement of labor standards;
(2) The provisions of the Davis-Bacon Act (46 U.S.C.S. 276a) with respect to prevailing wage rates (except for projects for the rehabilitation of residential properties of fewer than eight units);
(3) Contract Work Hours and Safety Standards Act of 1962, 40 U.S.C.S. 327-332, requiring that mechanics and laborers employed on federally assisted contracts be paid wages of not less than one and one-half times their basic wage rates for all hours worked in access of eight in a calendar day or, forty in a work-week, whichever is greater; and
(4) Federal Fair Labor Standards Act, 29 U.S.C.S. 201 et seq, requiring that covered employees be paid at least the minimum prescribed wage, and also that they be paid one and one-half times their basic wage rate for all hours worked in excess of the prescribed work-week.

(g) It will comply with all requirements imposed by the Department of Commerce concerning special requirements of law, program requirements, and other administrative requirements.

(h) It will comply with:

(1) Title VI of the Civil Rights Act of 1964 (Pub.L.88-352), and the regulations issued pursuant thereto (24 CFR Part 1), which provides that no person in the United States shall on the grounds of race, color, or national origin, be excluded from participation in, be denied in the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant received Federal financial assistance and will immediately take any measures necessary to effectuate this assurance. If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the applicant, this assurance shall obligate the applicant, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits;

(2) Title VIII of the Civil Rights Act of 1968 (Pub. L. 90-284), as amended, administering all programs and activities relating to housing and community development in a manner to affirmatively further fair housing; and will take action to affirmatively further fair housing in the sale or rental of housing, the financing of housing, and the provision of brokerage services;

(3) E.O. 12259, Leadership and Coordination of Fair Housing in Federal Programs, requiring that programs and activities relating to housing and urban development be administered in a manner affirmatively to further the goals of Title VIII of the Civil Rights Act of 1968;

(4) Section 109 of the Housing and Community Development Act of 1974 (ACT), as amended, and the regulations issued pursuant thereto (24 CFR 570.601), which provides that no person in the United States shall, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds provided under the Act. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to otherwise qualified handicapped individuals as provided in Section 504 of the Rehabilitation Act of 1973 shall also apply to any such program activity;

(5) Executive Order 11063 on equal opportunity in housing and nondiscrimination in the sale or rental of housing built with Federal assistance; and

(6) Executive Order 11246 as amended by Executive Orders 11375 and 12086, and the regulations issued pursuant thereto (24 CFR Part 130 and 41 CFR Chapter 60), which provide that no person shall be discriminated against on the basis of race, color, religion, sex or national origin in all phases of employment during the performance of federal or federally assisted construction contracts. Contractors and subcontractors on Federal and federally assisted construction contracts shall take affirmative action to insure fair treatment in employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation and selection for training and apprenticeship.

(i) It will comply with Section 3 of the Housing and Urban Development Act of 1968, as amended, requiring that to the greatest extent feasible opportunities for training and employment be given to lower-income persons residing within the unit of local government in which the project is located; and that contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing within the unit of local government.

(j) It will:

(1) Comply with Title II (Uniform Relocation Assistance) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and HUD implementing regulations at 24 CFR Part 42 and 24 CFR 570.602(a);
(2) Provide relocation payments and offer relocation assistance as described in Section 205 of the Uniform Relocation Assistance Act to all persons displaced as a result of acquisition of real property for an activity assisted under the Community Development Block Grant program. Such payments and assistance shall be provided in a fair and consistent and equitable manner that insures that the relocation process does not result in different or separate treatment of such persons on account of race, color, religion, national origin, sex, or source of income;
(3) Assure that, within a reasonable period of time prior to displacement, comparable decent, safe and sanitary replacement dwellings will be available to all displaced families and individuals and that the range of choices available to such persons will not vary on account of their race, color, religion, national origin, sex, or source of income; and
(4) Inform affected persons of the relocation assistance, policies and procedures set forth in the regulations at 24 CFR Part 42 and 24 CFR 570.602(a).

(k) It will:

(1) To the greatest extent practicable under State law, comply with Sections 301 and 302 of Title III (Uniform Real Property Acquisition Policy) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and will comply with Section 303 and 304 of Title III, and HUD implementing instructions at 24 CFR Part 42; and
(2) Inform affected persons of their rights and of the acquisition policies and procedures set forth in the regulations at 24 CFR Part 42 CFR 570.602(b).

(l) It will establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.

(m) It will comply with the Anti-kickback (Copeland) Act of 1934, 18 U.S.C.S. 874 and 40 U.S.C.S. 276a, which outlaws and prescribes penalties for "kickbacks" of wages in federally financed or assisted construction activities.

(n) It will comply with the provisions of Executive Order 11296, relating to evaluation of flood hazards and Executive Order 11288 relating to the prevention, control, and abatement of water pollution.

(o) It will give the State, HUD and the Comptroller General, through any authorized representatives, access to and the right to examine all records, books, papers, or documents related to the grant.

(p) It will insure that the facilities under its ownership, lease or supervision which shall be utilized in the accomplishment of the program are not listed on the Environmental Protection Agency's (EPA) list of Violating Facilities and that it will notify the State of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be used in the project is under consideration for listing by the EPA.

(q) It will comply with the flood insurance purchase requirement of Section 102(a) of the Flood Disaster Protection Act of 1973, Pub. L. 93-234, 87 Stat. 975, approved December 31, 1973. Section 102(a) required, on and after March 2, 1974, the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any Federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of Housing and Urban Development as an area having special flood hazards. The phrase "Federal financial assistance" include any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect Federal assistance.

(r) It will, in connection with its performance of environmental assessments under the National Environmental Policy Act of 1969, comply with Section 106 of the National Historic Preservation Act of 1966 (16 U.S.C.S. 470), Executive Order 11593, and the Preservation of Archeological and Historical Data Act of 1966 (16 U.S.C.S. 469a-1, et. seq.) by:
   (1) Consulting with the State Historic Preservation Officer to identify properties listed in or eligible for inclusion in the National Register of Historic Places that are subject to adverse effects (see 36 CRF Part 800.8) by the proposed activity; and
   (2) Complying with all requirements established by the State to avoid or mitigate adverse effects upon such properties.

(s) It will comply with:

   (1) The National Environmental Policy Act of 1969 (42 U.S.C.S. 4321 et seq.) and 24 CFR Part 58;

(2) Executive Order 11988, Floodplain Management;
(3) Executive Order 11990, Protection of Wetlands;
(4) The Endangered Species Act of 1973, as amended (16 U.S.C.S. 1531 et seq.);
(5) The Fish and Wildlife Coordination Act of 1958, as amended, (16 U.S.C.S. 661 et seq.);
(6) The Wild and Scenic Rivers Act of 1968, as amended, (16 U.S.C.S. 1271);
(7) The Safe Drinking Water Act of 1974, as amended (42 U.S.C.S. 300f et. seq.);
(8) Section 401(f) of the Lead-Based Paint Poisoning Prevention Act, as amended (42 U.S.C.S. 4831(b));
(9) The Clean Air Act of 1970, as amended (42 U.S.C.S. 7401 et seq.);
(10) The Federal Water Pollution Control Act of 1972, as amended, (33 U.S.C.S. 1251 et seq.);
(11) The Clean Water Act of 1977 (Public Law 95-217); and
(12) The Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 (42 U.S.C.S. 6901 et seq.);
(13) Subpart B on Noise Abatement and Control to Part 51 of Title 24.

(t) It will require every building or facility (other than a privately owned residential structure) designed, constructed, or altered with funds provided under the Montana CDBG Program to comply with the "American Standard Specifications for Making Buildings and Facilities Accessible to, and Usable by, the Physically Handicapped," Number A-117.1-R 1971, subject to the exceptions contained in CFR 101-19.604. The applicant will be responsible for conducting inspections to insure compliance with these specifications by the contractor.

(u) It will comply with all parts of Title I of the Housing and Community Development Act of 1974, as amended, which have not been cited previously as well as with other applicable laws.

(v) It will comply with Cost-Effective Energy Standards, 24 CFR Part 39.

(w) It accepts the terms, conditions, selection criteria, and procedures established by the Montana Community Development Block Grant Program Description and expressly waives any statutory or common law right it may have to challenge the legitimacy and propriety of these terms, conditions, criteria, and procedures should it be unsuccessful in obtaining CDBG funds.

The applicant hereby certifies that it will comply with the above state assurances.

Signature, Chief Executive Officer

Name (typed or printed)

Title

Date

APPENDIX D

Numbers and Percentages of Low and Moderate Income Households for Counties, Cities, and Towns

For the purposes of Montana's CDBG Program, "low and moderate income" has been defined as a person or household whose total gross, unadjusted income, does not exceed 80% of the median income for all persons or households in that county.

The Computer Services Division of the Montana Department of Administration has calculated both the number and percentage of households below 80% of median county income for each county and municipality, based on the 1980 Census. Cities and towns are listed under the county they are located in, on the following pages. The Census definition of "place" covers concentrations of population without regard to whether they are general purpose governments; as a result the tables also include several unincorporated communities.

This data has also been calculated to the enumeration district level, the smallest census unit generally available, for all each county and may be ordered from the Montana Department of Commerce. Maps identifying the enumeration districts within each county may be ordered from the Census and Economic Information Center, Montana Department of Administration, Room 108, Mitchell Building, Capitol Station, Helena, Montana, 59620, (telephone 449-2896). Microfiche copies of the county enumeration district maps are available free; paper copies of the maps may be purchased.

STF3R1	NUMBER OF HOUSEHOLDS	MEAN HOUSEHOLD INCOME	MEDIAN HOUSEHOLD INCOME	80% OF COUNTY MEDIAN	NO. BELOW 80% OF CO. MEDIAN	% BELOW 80% OF CO. MEDIAN
BEAVERHEAD COUNTY						
DILLON PLACE 0190	1,555	14,778	12,535	10,246	656	42.2
LIMA PLACE 0405	139	15,036	14,861	10,246	42	30.2
BEAVERHEAD CNTY 001	3,033	15,711	12,807	10,246	1,215	40.1
BIG HORN COUNTY						
HARDIN PLACE 0305	1,237	16,096	12,601	11,127	545	44.1
LODGE GRASS PLACE 0415	163	12,018	7,188	11,127	98	60.1
BIG HORN CNTY 003	3,264	16,572	13,909	11,127	1,342	41.1
BLAINE COUNTY						
CHINOOK PLACE 0130	688	15,543	12,649	10,390	283	41.1
HARLEM PLACE 0310	376	15,006	13,558	10,390	160	42.6
BLAINE CNTY 005	2,296	15,088	12,987	10,390	985	42.9
BROADWATER COUNTY						
TOWNSEND PLACE 0635	574	15,123	12,902	10,891	235	40.9
BROADWATER CNTY 007	1,144	16,036	13,614	10,891	437	38.2
CARBON COUNTY						
BEARCREEK PLACE 0025	22	10,966	11,000	9,784	9	40.9
BRIDGER PLACE 0085	303	13,303	11,394	9,784	135	44.6
FROMBERG PLACE 0270	185	12,744	10,852	9,784	82	44.3
JOLIET PLACE 0360	229	14,091	11,563	9,784	95	41.5

STF3R1	NUMBER OF HOUSEHOLDS	MEAN HOUSEHOLD INCOME	MEDIAN HOUSEHOLD INCOME	80% OF COUNTY MEDIAN	NO. BELOW 80% OF CO. MEDIAN	% BELOW 80% OF CO. MEDIAN
CARBON COUNTY						
RED LODGE PLACE 0540	841	12,667	10,617	9,784	394	46.8
CARBON CNTY 009	3,205	14,610	12,230	9,784	1,228	38.3
CARTER COUNTY						
EKALAKA PLACE 0215	264	12,436	10,900	8,984	110	41.7
CARTER CNTY 011	644	13,933	11,230	8,984	264	41.0
CASCADE COUNTY						
BELT PLACE 0035	327	14,474	12,663	12,840	165	50.5
CASCADE PLACE 0115	298	15,519	12,625	12,840	151	50.7
GREAT FALLS PLACE 0295	21,856	18,962	16,289	12,840	8,587	39.3
MALMSTROM AFB PLACE 0418	1,561	14,133	12,517	12,840	810	51.9
NEIHART PLACE 0480	50	14,516	12,500	12,840	26	52.0
VAUGHN PLACE 0652	661	22,382	19,531	12,840	137	20.7
CASCADE CNTY 013	29,436	18,692	16,050	12,840	11,612	39.4
CHOUTEAU COUNTY						
BIG SANDY PLACE 0040	337	13,614	11,763	12,102	176	52.2
FORT BENTON PLACE 0255	641	17,310	15,840	12,102	220	34.3
GERALDINE PLACE 0275	106	13,936	13,158	12,102	46	43.4
CHOUTEAU CNTY 015	2,201	18,011	15,128	12,102	833	37.8

STF3R1	NUMBER OF HOUSEHOLDS	MEAN HOUSEHOLD INCOME	MEDIAN HOUSEHOLD INCOME	80% OF COUNTY MEDIAN	NO. BELOW 80% OF CO. MEDIAN	% BELOW 80% OF CO. MEDIAN
CUSTER COUNTY						
ISMAY PLACE 0355	17	7,015	4,531	11,071	14	82.4
MILES CITY PLACE 0445	3,787	17,538	13,808	11,071	1,579	41.7
CUSTER CNTY 017	4,932	17,149	13,839	11,071	2,033	41.2
DANIELS COUNTY						
FLAXVILLE PLACE 0240	52	16,344	13,125	10,809	18	34.6
SCOBEY PLACE 0575	549	16,495	13,484	10,809	217	39.5
DANIELS CNTY 019	1,024	16,493	13,511	10,809	410	40.0
DAWSON COUNTY						
GLENDIVE PLACE 0285	2,297	18,053	16,659	13,784	951	41.4
RICHEY PLACE 0545	170	12,866	11,957	13,784	100	58.8
DAWSON CNTY 021	4,197	18,525	17,230	13,784	1,630	38.8
DEER LODGE COUNTY						
ANACONDA-DEER LODGE COUNTY PLACE 0010	4,435	16,941	15,893	12,714	1,807	40.7
DEER LODGE CNTY 023	4,435	16,941	15,893	12,714	1,807	40.7
FALLON COUNTY						
BAKER PLACE 0020	881	19,210	17,582	12,940	287	32.6
PLEVNA PLACE 0525	77	16,465	12,750	12,940	39	50.6
FALLON CNTY 025	1,382	17,976	16,175	12,940	555	40.2

STF3R1	NUMBER OF HOUSEHOLDS	MEAN HOUSEHOLD INCOME	MEDIAN HOUSEHOLD INCOME	80% OF COUNTY MEDIAN	NO. BELOW 80% OF CO. MEDIAN	% BELOW 80% OF CO. MEDIAN
FERGUS COUNTY						
DENTON PLACE 0185	154	13,641	12,045	9,793	57	37.0
GRASS RANGE PLACE 0290	66	12,003	8,000	9,793	37	56.1
LEWISTOWN PLACE 0395	2,718	15,336	12,305	9,793	1,085	39.9
MOORE PLACE 0470	91	14,961	11,875	9,793	31	34.1
WINIFRED PLACE 0690	75	10,525	8,527	9,793	52	69.3
FERGUS CNTY 027	4,808	15,198	12,241	9,793	1,953	40.6
FLATHEAD COUNTY						
BIGFORK PLACE 0038	394	14,524	10,714	12,879	226	57.4
COLUMBIA FALLS PLACE 0150	1,110	17,825	16,960	12,879	382	34.4
EVERGREEN PLACE 0227	1,246	16,759	13,996	12,879	564	45.3
KALISPELL PLACE 0375	4,399	17,342	14,924	12,879	1,996	45.4
WHITEFISH PLACE 0670	1,541	16,907	14,392	12,879	680	44.1
FLATHEAD CNTY 029	18,867	18,336	16,099	12,879	7,496	39.7
GALLATIN COUNTY						
BELGRADE PLACE 0030	789	16,952	16,181	12,260	266	33.7
BOZEMAN PLACE 0080	7,496	15,957	12,461	12,260	3,681	49.1
MANHATTAN PLACE 0425	359	17,240	15,224	12,260	138	38.4
THREE FORKS PLACE 0630	508	15,539	12,714	12,260	247	48.6

STF3R1	NUMBER OF HOUSEHOLDS	MEAN HOUSEHOLD INCOME	MEDIAN HOUSEHOLD INCOME	80% OF COUNTY MEDIAN	NO. BELOW 80% OF CO. MEDIAN	% BELOW 80% OF CO. MEDIAN
GALLATIN COUNTY						
WEST YELLOWSTONE PLACE 0667	288	16,817	14,625	12,260	124	43.1
GALLATIN CNTY 031	14,963	17,823	15,325	12,260	6,058	40.5
GARFIELD COUNTY						
JORDAN PLACE 0365	207	14,705	11,971	9,530	76	36.7
GARFIELD CNTY 033	590	15,266	11,912	9,530	226	38.3
GLACIER COUNTY						
BROWNING PLACE 0105	447	12,912	10,995	10,723	218	48.8
CUT BANK PLACE 0170	1,462	19,362	17,602	10,723	434	29.7
GLACIER CNTY 035	3,454	16,579	13,404	10,723	1,402	40.6
GOLDEN VALLEY COUNTY						
LAVINA PLACE 0390	63	13,366	11,406	9,022	23	36.5
RYEGATE PLACE 0560	112	12,451	11,250	9,022	46	41.1
GOLDEN VALLEY CNTY 037	350	12,830	11,277	9,022	139	39.7
GRANITE COUNTY						
DRUMMOND PLACE 0200	170	18,613	14,821	10,175	50	29.4
PHILIPSBURG PLACE 0510	433	12,541	9,884	10,175	222	51.3
GRANITE CNTY 039	1,020	15,701	12,719	10,175	410	40.2
HILL COUNTY						
HAVRE PLACE 0320	4,113	19,440	17,150	13,249	1,599	38.9
HAVRE NORTH PLACE 0322	437	19,791	19,955	13,249	167	38.2

STF3R1	NUMBER OF HOUSEHOLDS	MEAN HOUSEHOLD INCOME	MEDIAN HOUSEHOLD INCOME	80% OF COUNTY MEDIAN	NO. BELOW 80% OF CO. MEDIAN	% BELOW 80% OF CO. MEDIAN
HILL COUNTY						
HINGHAM PLACE 0330	102	15,278	11,667	13,249	61	59.8
HILL CNTY 041	6,365	19,490	16,561	13,249	2,543	40.0
JEFFERSON COUNTY						
BOULDER PLACE 0075	486	14,565	12,437	13,422	263	54.1
WHITEHALL PLACE 0675	422	13,855	11,934	13,422	235	55.7
JEFFERSON CNTY 043	2,362	18,765	16,777	13,422	930	39.4
JUDITH BASIN COUNTY						
HOBSON PLACE 0335	93	14,091	13,173	10,388	35	37.6
STANFORD PLACE 0600	258	14,293	12,000	10,388	103	39.9
JUDITH BASIN CNTY 045	976	15,955	12,985	10,388	356	36.5
LAKE COUNTY						
POLSON PLACE 0530	1,244	12,506	9,246	9,816	665	53.5
RONAN PLACE 0550	608	12,341	10,439	9,816	286	47.0
ST. IGNATIUS PLACE 0570	304	13,168	9,875	9,816	151	49.7
LAKE CNTY 047	6,658	15,354	12,270	9,816	2,632	39.5
LEWIS & CLARK COUNTY						
EAST HELENA PLACE 0210	612	17,703	14,886	13,568	283	46.2
HELENA PLACE 0325	9,493	19,199	16,440	13,568	3,898	41.1
LEWIS AND CLARK CNTY 049	16,039	19,203	16,960	13,568	6,244	38.9

STF3R1	NUMBER OF HOUSEHOLDS	MEAN HOUSEHOLD INCOME	MEDIAN HOUSEHOLD INCOME	80% OF COUNTY MEDIAN	NO. BELOW 80% OF CO. MEDIAN	% BELOW 80% OF CO. MEDIAN
LIBERTY COUNTY						
CHESTER PLACE 0125	398	16,440	12,311	11,471	181	45.5
LIBERTY CNTY 051	847	18,818	14,339	11,471	327	38.6
LINCOLN COUNTY						
EUREKA PLACE 0225	424	14,512	14,231	12,520	203	47.9
LIBBY PLACE 0400	1,003	16,356	15,649	12,520	420	41.9
REXFORD PLACE 0543	42	14,940	15,000	12,520	15	35.7
TROY PLACE 0640	394	13,512	11,574	12,520	207	52.5
LINCOLN CNTY 053	6,094	16,734	15,650	12,520	2,443	40.1
MADISON COUNTY						
ENNIS PLACE 0220	264	14,881	13,889	9,708	81	30.7
SHERIDAN PLACE 0585	268	13,420	11,797	9,708	108	40.3
TWIN BRIDGES PLACE 0645	213	11,187	8,594	9,708	117	54.9
VIRGINIA CITY PLACE 0655	71	16,470	12,788	9,708	31	43.7
MADISON CNTY 057	2,109	14,274	12,135	9,708	825	39.1
MCCONE COUNTY						
CIRCLE PLACE 0140	343	15,959	15,550	9,590	112	32.7
MCCONE CNTY 055	913	14,069	11,987	9,590	367	40.2

STF3R1	NUMBER OF HOUSEHOLDS	MEAN HOUSEHOLD INCOME	MEDIAN HOUSEHOLD INCOME	80% OF COUNTY MEDIAN	NO. BELOW 80% OF CO. MEDIAN	% BELOW 80% OF CO. MEDIAN
MEAGHER COUNTY						
WHITE SULPHUR SPRINGS PLACE 0680	485	15,775	14,199	10,409	181	37.3
MEAGHER CNTY 059	779	15,916	13,011	10,409	312	40.1
MINERAL COUNTY						
ALBERTON PLACE 0005	152	16,384	16,316	12,852	60	39.5
SUPERIOR PLACE 0615	383	16,843	15,121	12,852	160	41.8
MINERAL CNTY 061	1,329	16,522	16,065	12,852	515	38.8
MISSOULA COUNTY						
BONNER-WEST RIVERSIDE PLACE 0060	585	18,713	16,988	13,015	187	32.0
EAST MISSOULA PLACE 0212	691	18,805	14,196	13,015	298	43.1
LOLO PLACE 0416	728	21,415	19,323	13,015	191	26.2
MISSOULA PLACE 0455	13,704	16,805	13,938	13,015	6,467	47.2
MISSOULA SOUTH PLACE 0457	1,725	25,283	23,729	13,015	306	17.7
ORCHARD HOMES PLACE 0500	3,982	19,052	16,311	13,015	1,584	39.8
RATTLESNAKE PLACE 0537	1,055	27,522	23,915	13,015	192	18.2
MISSOULA CNTY 063	28,198	19,244	16,269	13,015	11,162	39.6
MUSSELSHELL COUNTY						
MELSTONE PLACE 0440	81	13,025	12,679	9,146	32	39.5
ROUNDUP PLACE 0555	922	14,238	11,887	9,146	349	37.9

STF3R1	NUMBER OF HOUSEHOLDS	MEAN HOUSEHOLD INCOME	MEDIAN HOUSEHOLD INCOME	80% OF COUNTY MEDIAN	NO. BELOW 80% OF CO. MEDIAN	% BELOW 80% OF CO. MEDIAN
MUSSELSHELL COUNTY						
MUSSELSHELL CNTY 065	1,691	13,833	11,432	9,146	681	40.3
PARK COUNTY						
CLYDE PARK PLACE 0145	108	13,963	13,462	11,690	47	43.5
LIVINGSTON PLACE 0410	2,919	16,206	14,492	11,690	1,222	41.9
PARK CNTY 067	4,985	16,721	14,612	11,690	2,078	41.7
PETROLEUM COUNTY						
WINNETT PLACE 0695	97	13,020	10,481	8,678	45	46.4
PETROLEUM CNTY 069	243	14,904	10,848	8,678	103	42.4
PHILLIPS COUNTY						
DODSON PLACE 0195	74	30,116	21,429	9,537	14	18.9
MALTA PLACE 0420	932	14,498	12,039	9,537	359	38.5
SACO PLACE 0565	122	9,687	6,429	9,537	75	61.5
PHILLIPS CNTY 071	1,946	13,991	11,921	9,537	758	39.0
PONDERA COUNTY						
CONRAD PLACE 0160	1,163	19,962	17,016	12,901	443	38.1
VALIER PLACE 0650	258	16,940	14,018	12,901	116	45.0
PONDERA CNTY 073	2,379	18,916	16,126	12,901	980	41.2
POWDER RIVER COUNTY						
BROADUS PLACE 0090	254	17,275	14,839	12,052	91	35.8
POWDER RIVER CNTY 075	901	18,091	15,065	12,052	349	38.7

STF3R1	NUMBER OF HOUSEHOLDS	MEAN HOUSEHOLD INCOME	MEDIAN HOUSEHOLD INCOME	80% OF COUNTY MEDIAN	NO. BELOW 80% OF CO. MEDIAN	% BELOW 80% OF CO. MEDIAN
POWDER RIVER COUNTY						
POWELL COUNTY						
DEER LODGE PLACE 0180	1,510	17,000	14,728	11,758	575	38.1
POWELL CNTY 077	2,330	16,583	14,697	11,758	896	38.5
PRAIRIE COUNTY						
TERRY PLACE 0620	370	12,749	11,141	7,560	124	33.5
PRAIRIE CNTY 079	665	11,797	9,450	7,560	276	41.5
RAVALLI COUNTY						
DARBY PLACE 0175	223	14,803	11,488	10,603	104	46.6
HAMILTON PLACE 0300	1,244	12,733	9,255	10,603	698	56.1
STEVENSVILLE PLACE 0605	477	14,237	12,468	10,603	209	43.8
RAVALLI CNTY 081	8,000	15,931	13,254	10,603	3,175	39.7
RICHLAND COUNTY						
FAIRVIEW PLACE 0235	483	17,156	15,579	14,092	213	44.1
SIDNEY PLACE 0590	2,146	20,214	18,268	14,092	818	38.1
RICHLAND CNTY 083	4,255	19,695	17,615	14,092	1,634	38.4
ROOSEVELT COUNTY						
BAINVILLE PLACE 0015	85	17,980	19,375	11,850	29	34.1
BROCKTON PLACE 0100	110	16,844	15,357	11,850	36	32.7
CULBERTSON PLACE 0165	354	16,214	15,523	11,850	125	35.3
FROID PLACE 0265	108	17,163	14,318	11,850	42	38.9

STF3R1	NUMBER OF HOUSEHOLDS	MEAN HOUSEHOLD INCOME	MEDIAN HOUSEHOLD INCOME	80% OF COUNTY MEDIAN	NO. BELOW 80% OF CO. MEDIAN	% BELOW 80% OF CO. MEDIAN
ROOSEVELT COUNTY						
POPLAR PLACE 0535	344	17,273	15,318	11,850	119	34.6
WOLF POINT PLACE 0700	1,102	17,620	14,973	11,850	435	39.5
ROOSEVELT CNTY 085	3,443	17,763	14,812	11,850	1,315	38.2
ROSEBUD COUNTY						
COLSTRIP PLACE 0148	442	26,799	27,500	13,400	44	10.0
FORSYTH PLACE 0250	930	20,080	17,767	13,400	366	39.4
ROSEBUD CNTY 087	3,219	19,060	16,750	13,400	1,348	41.9
SANDERS COUNTY						
HOT SPRINGS PLACE 0340	281	8,626	6,282	10,092	201	71.5
PLAINS PLACE 0515	423	15,363	12,255	10,092	172	40.7
THOMPSON FALLS PLACE 0625	580	14,257	13,177	10,092	201	34.7
SANDERS CNTY 089	3,138	15,090	12,615	10,092	1,222	38.9
SHERIDAN COUNTY						
MEDICINE LAKE PLACE 0435	165	16,109	14,205	11,962	69	41.8
OUTLOOK PLACE 0505	48	14,501	13,654	11,962	17	35.4
PLENTYWOOD PLACE 0520	962	16,913	14,692	11,962	398	41.4
WESTBY PLACE 0665	124	19,445	11,563	11,962	66	53.2
SHERIDAN CNTY 091	2,035	17,904	14,953	11,962	788	38.7

STF3R1	NUMBER OF HOUSEHOLDS	MEAN HOUSEHOLD INCOME	MEDIAN HOUSEHOLD INCOME	80% OF COUNTY MEDIAN	NO. BELOW 80% OF CO. MEDIAN	% BELOW 80% OF CO. MEDIAN
SILVER BOW COUNTY						
BUTTE-SILVER BOW PLACE 0110	14,278	17,004	14,776	11,673	5,828	40.8
WALKERVILLE PLACE 0660	384	14,677	9,825	11,673	223	58.1
SILVER BOW CNTY 093	14,662	16,943	14,591	11,673	6,052	41.3
STILLWATER COUNTY						
COLUMBUS PLACE 0155	547	15,156	12,321	10,592	240	43.9
STILLWATER CNTY 095	2,047	15,297	13,240	10,592	817	39.9
SWEET GRASS COUNTY						
BIG TIMBER PLACE 0045	720	13,194	10,954	9,137	294	40.8
SWEET GRASS CNTY 097	1,257	14,579	11,421	9,137	485	38.6
TETON COUNTY						
CHOTEAU PLACE 0135	753	14,629	11,788	11,210	358	47.5
DUTTON PLACE 0205	123	16,726	13,438	11,210	47	38.2
FAIRFIELD PLACE 0230	261	16,242	13,155	11,210	117	44.8
TETON CNTY 099	2,337	16,859	14,012	11,210	933	39.9
TOOLE COUNTY						
KEVIN PLACE 0380	82	15,704	12,857	11,314	37	45.1
SHELBY PLACE 0580	1,252	16,598	13,920	11,314	530	42.3
SUNBURST PLACE 0610	186	18,151	15,714	11,314	70	37.6
TOOLE CNTY 101	2,137	17,390	14,143	11,314	880	41.2

STF3R1	NUMBER OF HOUSEHOLDS	MEAN HOUSEHOLD INCOME	MEDIAN HOUSEHOLD INCOME	80% OF COUNTY MEDIAN	NO. BELOW 80% OF CO. MEDIAN	% BELOW 80% OF CO. MEDIAN
TREASURE COUNTY						
HYSHAM PLACE 0350	170	15,962	14,868	9,698	51	30.0
TREASURE CNTY 103	359	14,399	12,122	9,698	137	38.2
VALLEY COUNTY						
GLASGOW PLACE 0280	1,782	17,575	14,690	11,640	721	40.5
NASHUA PLACE 0475	214	16,585	13,571	11,640	95	44.4
OPHEIM PLACE 0495	82	17,285	16,111	11,640	33	40.2
VALLEY CNTY 105	3,729	17,041	14,550	11,640	1,544	41.4
WHEATLAND COUNTY						
HARLOWTON PLACE 0315	484	13,846	11,536	10,039	200	41.3
JUDITH GAP PLACE 0370	69	13,167	12,404	10,039	22	31.9
WHEATLAND CNTY 107	879	14,969	12,549	10,039	333	37.9
WIBAUX COUNTY						
WIBAUX PLACE 0685	324	14,392	11,458	8,938	131	40.4
WIBAUX CNTY 109	522	14,020	11,173	8,938	208	39.8
YELLOWSTONE COUNTY						
BILLINGS PLACE 0050	26,253	20,057	16,585	13,968	11,154	42.5
BILLINGS HEIGHTS PLACE 0052	2,687	21,917	20,105	13,968	809	30.1
BROADVIEW PLACE 0095	50	10,489	11,667	13,968	33	66.0
LAUREL PLACE 0385	2,008	17,916	17,135	13,968	742	37.0

STF3R1	NUMBER OF HOUSEHOLDS	MEAN HOUSEHOLD INCOME	MEDIAN HOUSEHOLD INCOME	80% OF COUNTY MEDIAN	NO. BELOW 80% OF CO. MEDIAN	% BELOW 80% OF CO. MEDIAN
YELLOWSTONE COUNTY						
YELLOWSTONE CNTY 111	39,838	20,491	17,460	13,968	15,621	39.2
YELLOWSTONE NATL PRK						
YELLOWSTONE NATIONAL PARK CNTY 113	123	14,771	12,292	9,834	44	35.8

APPENDIX E

"NEED" RANKING FOR ECONOMIC DEVELOPMENT PROJECTS

For the purposes of ranking an applicant's need for an economic development project, (see page 30), Montana's 56 counties were ranked on the basis of the following criteria:

(a) average number of unemployed persons in the county during the last calendar year (1982),

(b) unemployment rate (avérage) in the county during the last calendar year (1982),

(c) long-term unemployment (measured by average unemployment rates in the county for the last five calendar years 1978-83),

(d) percent change in per capita income in the county for the last five calendar years (1975-80) of available data,

(e) percent change in county employment levels in the past five years (1977-82).

Data for variables (a), (b), (c), and (e) were collected from the Montana Department of Labor and Industry files. Data for variable (d) are from the U.S. Department of Commerce. All data represent the most current information possible and are presented in Table 1.

Table 2 provides the county rankings for each variable, i.e., 1 through 56. For example, Beaverhead County ranked 28th in 1982 total unemployment, 36th in terms of the 1982 unemployment rate, 35th in long-term unemployment rate, 24th in per capita income growth, and 13th in employment growth.

The five variables listed above were used to produce an overall county score where the county with the highest combined unemployment level, highest unemployment rate (long and short-term), and lowest income and employment growth received 200 points. In this ranking process, all five variables received equal weights. Table 3 provides the overall need ranking scores for all 56 counties. As shown in Table 3, Lincoln County had the highest score at 200, indicating the most severe economic need.

Cities and towns submitting a CDBG application for an economic development project will be assigned the score for the county in which they are located.

TABLE 1

	Number Unemployed	Unemployment Rate	Long-term Unemployment Rate	Change in Per Capita Income	Change in Employment
Beaverhead	287	6.4	4.4	66.5	13.4
Big Horn	559	9.8	7.3	94.8	23.1
Blaine	296	9.6	8.3	26.4	3.3
Broadwater	157	9.9	6.4	40.8	14.4
Carbon	239	6.9	5.2	73.9	- .1
Carter	28	3.2	5.3	122.9	2.4
Cascade	3,033	8.5	7.2	62.5	4.6
Choteau	99	3.3	2.7	-31.2	1.5
Custer	364	5.9	4.5	71.8	9.5
Daniels	39	2.6	2.3	4.1	6.9
Dawson	509	7.6	4.3	57.3	22.7
Deer Lodge	672	14.7	11.1	47.5	-41.8
Fallon	90	3.7	2.7	98.9	8.2
Fergus	476	7.7	5.1	55.6	9.1
Flathead	3,314	13.6	9.3	66.4	9.5
Gallatin	1,570	7.4	5.1	63.3	14.7
Garfield	24	2.6	3.1	49.7	- .3
Glacier	777	13.3	10.6	57.4	7.2
Golden Valley	27	6.4	4.4	145.1	2.6
Granite	148	12.7	9.1	94.6	- 2.3
Hill	714	7.9	5.7	24.2	5.6
Jefferson	296	11.3	8.0	81.4	- 9.1
Judith Basin	64	5.5	6.6	23.9	- 2.3
Lake	858	10.6	7.6	65.7	3.2
L & C	1,915	7.5	5.6	60.1	9.9
Liberty	51	4.6	3.7	15.8	2.2
Lincoln	1,625	21.5	14.8	59.3	- 2.5
McCone	49	3.7	2.7	5.6	1.7
Madison	173	6.9	4.6	99.4	12.3
Meagher	103	9.4	6.0	126.8	10.4
Mineral	447	22.8	12.1	63.0	- 5.8
Missoula	3,459	9.8	7.7	74.1	5.4
Musselshell	177	8.2	4.1	74.1	19.0
Park	655	11.3	7.5	67.2	- .5
Petroleum	10	3.3	2.5	227.4	- 2.7
Phillips	228	7.9	5.0	44.8	16.1
Pondera	202	5.6	4.1	13.4	5.5
Powder River	48	3.7	2.8	116.2	6.5
Powell	375	10.4	7.3	68.9	-11.6
Prairie	40	4.9	3.6	12.3	-19.1
Ravalli	1,271	15.0	10.3	74.5	8.5
Richland	599	7.9	3.4	65.0	58.7
Roosevelt	442	8.0	5.8	27.5	11.9
Rosebud	469	7.6	6.2	62.7	54.7

Sanders	674	17.1	10.8	67.5	-14.0
Sheridan	160	4.5	2.2	27.8	39.3
Silver Bow	2,160	12.2	8.3	69.4	- 1.5
Stillwater	185	7.8	4.6	40.3	17.2
Sweet Grass	73	4.5	2.7	73.0	- 1.5
Teton	166	5.2	3.9	27.3	20.1
Toole	168	5.6	4.2	34.4	10.2
Treasure	23	5.0	3.6	105.5	- 3.2
Valley	429	8.9	6.4	46.0	- 1.2
Wheatland	95	7.6	4.4	71.3	- .9
Wibaux	68	8.9	4.2	19.2	2.1
Yellowstone	3,858	6.4	4.9	69.3	16.2

TABLE 2

	Number Unemployed	Unemployment Rate	Long-term Unemployment Rate	Change in Per Capita Income	Change in Employment
Beaverhead	28	36	35	24	13
Big Horn	17	15	15	9	4
Blaine	26	17	9	47	31
Broadwater	38	14	19	41	12
Carbon	29	34	27	15	39
Carter	52	54	26	4	34
Cascade	4	21	16	31	30
Choteau	41	52	53	56	38
Custer	25	39	34	17	19
Daniels	51	55	54	55	25
Dawson	18	29	38	35	5
Deer Lodge	14	5	3	38	56
Fallon	43	49	50	8	23
Fergus	19	28	28	36	21
Flathead	3	6	7	25	20
Gallatin	8	33	29	28	11
Garfield	54	56	48	37	40
Glacier	11	7	5	34	24
Golden Valley	53	37	36	2	33
Granite	39	8	8	10	46
Hill	12	24	24	48	27
Jefferson	27	10	11	11	52
Judith Basin	46	42	18	49	47
Lake	10	12	13	26	32
L & C	6	32	25	32	18
Liberty	47	46	44	51	35
Lincoln	7	2	1	33	48
McCone	48	50	51	54	37
Madison	34	35	32	7	14
Meagher	40	18	22	3	16
Mineral	21	1	2	29	51
Missoula	2	16	12	13	29
Musselshell	33	22	41	14	7
Park	15	11	14	23	41
Petroleum	56	53	55	1	49
Phillips	30	25	30	40	10
Pondera	31	40	42	52	28
Powder River	49	51	49	5	26
Powell	24	13	17	21	53
Prairie	50	45	45	53	55
Ravalli	9	4	6	12	22
Richland	16	26	47	27	1
Roosevelt	22	23	23	45	15
Rosebud	20	30	21	30	2

Sanders	13	3	4	22	54
Sheridan	37	47	56	44	3
Silver Bow	5	9	10	19	44
Stillwater	32	27	33	42	8
Sweet Grass	44	48	52	16	45
Teton	36	43	43	46	6
Toole	35	41	39	43	17
Treasure	55	44	46	6	50
Valley	23	19	20	39	43
Wheatland	42	31	37	18	42
Wibaux	45	20	40	50	36
Yellowstone	1	38	31	20	9

TABLE 3

	Raw Score	Rank	Quartile
Beaverhead	95.2	40	3
Big Horn	106.8	28	2
Blaine	131.7	12	1
Broadwater	114.3	25	2
Carbon	104.6	31	3
Carter	81.2	50	4
Cascade	156.0	8	1
Choteau	106.1	30	3
Custer	96.8	39	3
Daniels	91.5	44	4
Dawson	97.7	38	3
Deer Lodge	180.3	2	1
Fallon	75.5	52	4
Fergus	108.4	27	2
Flathead	176.5	4	1
Gallatin	118.7	21	2
Garfield	88.6	46	4
Glacier	147.4	10	1
Golden Valley	80.6	51	4
Granite	128.6	18	2
Hill	123.1	20	2
Jefferson	129.9	16	2
Judith Basin	115.8	22	2
Lake	131.3	14	1
Lewis & Clark	129.1	17	2
Liberty	101.9	34	3
Lincoln	200.0	1	1
McCone	98.4	37	3
Madison	89.2	45	4
Meagher	94.0	41	3
Mineral	176.7	3	1
Missoula	164.0	6	1
Musselshell	92.2	43	4
Park	131.5	13	1
Petroleum	51.2	56	4
Phillips	103.5	32	3
Pondera	106.7	29	3
Powder River	72.6	54	4
Powell	130.2	15	2
Prairie	114.6	24	2
Ravalli	153.2	9	1
Richland	75.1	55	4
Roosevelt	115.7	23	2
Rosebud	85.7	49	4
Sanders	165.4	5	1

Sheridan	74.7	53	4
Silver Bow	158.2	7	1
Stillwater	101.3	35	3
Sweet Grass	88.2	47	4
Teton	93.4	42	3
Toole	99.5	36	3
Treasure	85.9	48	4
Valley	123.1	19	2
Wheatland	102.1	33	3
Wibaux	113.7	26	2
Yellowstone	146.0	11	1

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